

December 13, 2011



Mr. Glenn Wollan
North Dakota Industrial Commission
Oil and Gas Division
600 East Boulevard
Bismarck, North Dakota 58505-0310

RE: NDIC v. Continental Resources, Inc.
Case No. 15161

Dear Mr. Wollan:

Pursuant to Paragraph F of the Consent Agreement in the above-captioned matter, enclosed please find herewith a Single Well Bond in the amount of \$20,000 from Continental Resources, Inc.

Should you have any questions, please advise.

Sincerely,


LAWRENCE BENDER

LB/mpg
Enclosure

cc: Mr. Eric Eissenstat - (via email w/enc.)

5037214_1.DOC

Attorneys & Advisors
main 701.221.4020
fax 701.221.4040
www.fredlaw.com

Fredrikson & Byron, P.A.
200 North Third Street, Suite 150
Bismarck, North Dakota
58501-3879

October 25, 2011

HAND-DELIVERED

Mr. Zachary B. Smith
Office of Attorney General
500 N. 9th Street
Bismarck, ND 58501-4509

**RE: North Dakota Industrial
Commission v. Continental
Resources, Inc.
Case No. 15161**

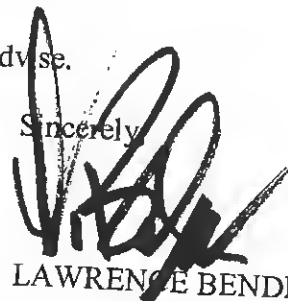
Dear Zach:

Enclosed please find herewith two original Consent Agreements in the above captioned matter that have been executed by Continental Resources, Inc. Also enclosed are Continental's checks made payable to the NDIC in the amounts of \$5,000.00 and \$418.00.

Please execute both original Consent Agreements and return one fully executed original to my office.

Should you have any questions, please advise.

Sincerely,


LAWRENCE BENDER

LB/mpg
Enclosures
cc: Donald P. Fischbach (via email w/enc.)

5011117_1.DOC

Attorneys & Advisors
main 701.221.4020
fax 701.221.4040
www.fredlaw.com

Fredrikson & Byron, P.A.
200 North Third Street, Suite 150
Bismarck, North Dakota
58501-3879

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STATE OF NORTH DAKOTA

NORTH DAKOTA INDUSTRIAL COMMISSION

COUNTY OF BURLEIGH

North Dakota Industrial Commission,

Complainant,

v.

Continental Resources, Inc.,

Respondent.

CONSENT AGREEMENT

INDUSTRIAL COMMISSION

CASE NO. 15161

To settle this administrative action, the Industrial Commission ("Commission") and the Respondent Continental Resources, Inc. ("Continental"), make the following agreement:

1. At all times relevant to the Commission's Complaint, Continental owned or operated the Fortier 2-17H well, located in NE ¼ NE ¼, Section 17, Township 160 North, Range 96 West, Divide County, North Dakota (NDIC File No. 20130).
2. The Commission brought an administrative action against Continental by a Complaint dated June 1, 2011. The Complaint alleges the following violations:

Count One

- A. On or about April 27, 2011, the reserve pit on the Fortier 2-17H well site overflowed and oil flowed off the well site.
- B. North Dakota Administrative Code (NDAC) § 43-02-03-19 states in part that a reserve pit may be utilized providing the pit can be constructed, used and reclaimed in a manner that will prevent pollution of the land surface and freshwaters.
- C. Continental violated NDAC § 43-02-03-19 in that a lack of precautions in construction and use of the reserve pit on the Fortier 2-17H well site resulted in pollution of the land surface and freshwaters from the fluids that overflowed from the pit.

Count Two

- D. NDAC § 43-02-03-49 states that at no time shall oil be allowed to flow over or pool on the surface of the land or infiltrate the soil and states further that discharged oil must be properly removed and may not be allowed to remain standing within or outside of any diked areas.

- E. Continental violated NDAC § 43-02-03-49 from April 27, 2011 through April 29, 2011 when oil was allowed to flow over or pool on the surface of the land.

Count Three

- F. North Dakota Century Code § 28-32-26 authorizes the Commission to assess the costs of an investigation to a person found to be in violation of a statute or rule as a result of an adjudicative proceeding or informal disposition, which costs may not exceed the statutorily authorized civil penalty for the violation.
 - G. In carrying out the investigation of Continental's violation of North Dakota law, the Commission has incurred costs and expenses in the amount of \$418.00.
- 3. The Industrial Commission's administrative action against Continental sought \$50,000.00 in fines for the violations alleged in the Industrial Commission's Complaint.
 - 4. The Commission acknowledges that the alleged violations set forth above were due in part to extreme weather conditions in western North Dakota. Heavy snowfall and heavy rains at a time of high soil moisture content, high stream flows and wet conditions created circumstances that were unforeseen by Continental.
 - 5. The Industrial Commission and Continental agree to settle this matter on the following terms:
 - A. Continental unintentionally violated NDAC § 43-02-03-19, as set forth in Count One of the Industrial Commission's Complaint.
 - B. Continental unintentionally violated NDAC § 43-02-03-49, as set forth in Count Two of the Industrial Commission's Complaint.
 - C. Continental agrees to immediately pay the amount of \$5,000.00 to the Abandoned Oil and Gas Well Plugging and Site Reclamation Fund (the "Fund"). Payment shall be in the form of a check made payable to the Industrial Commission of North Dakota, Oil and Gas Division, shall reference Case No. 15161, and shall be directed to the attention of Lynn Helms, Director, Department of Mineral Resources, 1016 East Calgary Avenue, Bismarck, ND 58503-5512.
 - D. Continental agrees to immediately pay to the Industrial Commission the amount of \$418.00 to compensate the Industrial Commission for the reasonable costs and expenses incurred with regard to the violations alleged in the administrative complaint. If this payment is made by check, then the check shall be made payable to the North Dakota Oil and Gas Division.

- E. Continental shall donate \$45,000.00 to the Fund if Continental commits the same or a substantially similar violation of NDAC § 43-02-03-19 or NDAC § 43-02-03-49 as set forth in the Complaint within a period of one year from the date of this agreement. If such violation occurs within one year from the date of this agreement, said \$45,000.00 donation shall be immediately due and payable to the Fund. If no such violation occurs, then said donation will be dismissed.
- F. Continental agrees to obtain a bond in the amount of \$20,000.00 in a form approved by the Commission that names the Commission as obligee. The bond shall be conditioned on full remediation as determined by the Commission, of the incident described in the Industrial Commission's complaint.
- G. The Commission reserves the right to bring future administrative and judicial actions and to seek additional fines and other relief should Continental fail to adequately remediate effects on soil, water and vegetation as a result of the violations described in the Industrial Commission's Complaint.
6. This Agreement may be executed in counterparts and duplicate copies, each of which shall be deemed to be an original, and which, when taken together, shall constitute one and the same instrument.

Dated this 27th day of October, 2011.

NORTH DAKOTA INDUSTRIAL COMMISSION
OIL & GAS DIVISION

By:

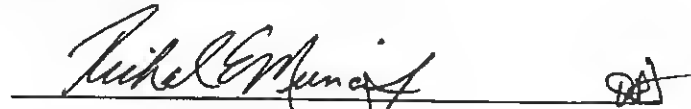


Lynn D. Helms
Director
Department of Mineral Resources
1016 East Calgary Avenue
Bismarck, ND 58503-5512

Dated this 14th day of October, 2011.

CONTINENTAL RESOURCES, INC.

By:



RICHARD E. MUNCIE
Printed Name

Its:

SVP - OPERATIONS

ACCOUNT NUMBER:		INDUSTRIAL COMMISSION OF NORTH DAKO 0004107477		CHECK NUMBER:	00041465
				CHECK DATE:	10/06/11
INVOICE/REFERENCE	TYPE	DATE	COMMENTS	AMOUNT	
100411	I	10/04/11	RE: FORTIER (CASE NO. 15161) RECLAM	5,000.00	

RECEIPT DATE 10-25-11 NO. 702313

RECEIVED FROM Continental Resources Inc

ADDRESS PO Box 1032

ENID OK 73702-1032 \$ 5000.00

FOR Case No 15161

DATE 10-06-11 TIME 10:19-11

AMOUNT OF ACCOUNT 5000.00

AMT PAID 418.00

BALANCE DUE

☐ CASH ☒ CHECK 00041465 BY 00042237

MONEY ORDER

©2001 REFORM 81820

CHECK TOTALS:

5,000.00

WARNING: THIS DOCUMENT CONTAINS MULTIPLE SECURITY FEATURES. READ REVERSE SIDE FOR FULL DISCLOSURE.

CONTINENTAL RESOURCES, INC.
OPERATING ACCOUNTP.O. BOX 1032
ENID OK 73702-1032
(580) 233-8955U.S. Bank
950 17th St
Denver, CO 80202232
1020

00041465

Reference Number	Date	Check Number	Check Amount
0004107477	10/06/11	00041465	*****\$5,000.00

PAY Five thousand and 00/100 Dollars

PAY
TO THE
ORDER
OFINDUSTRIAL COMMISSION OF NORTH DAKO
OIL AND GAS DIVISION
1016 EAST CALGARY AVENUE
BISMARCK, ND 58503-5512 US

VOID AFTER 90 DAYS

ACCOUNT NUMBER: 0004107477		INDUSTRIAL COMMISSION OF NORTH DAKO		CHECK NUMBER: 00042237
				CHECK DATE: 10/19/11
INVOICE/REFERENCE	TYPE	DATE	COMMENTS	AMOUNT
101411C	I	10/14/11	FORTIER- NDIC CASE 15161	418.00

CHECK TOTALS:

418.00

WARNING: THIS DOCUMENT CONTAINS MULTIPLE SECURITY FEATURES. READ REVERSE SIDE FOR FULL DISCLOSURE.

CONTINENTAL RESOURCES, INC.
OPERATING ACCOUNT

P.O. BOX 1032

ENID OK 73702-1032

(580) 233-8955

U.S. Bank
960 17th St
Denver, CO 8020223-2
1020

00042237

Reference Number	Date	Check Number	Check Amount
0004107477	10/19/11	00042237	*****\$418.00

PAY Four hundred eighteen and 00/100 Dollars

PAY
TO THE
ORDER
OFINDUSTRIAL COMMISSION OF NORTH DAKO
OIL AND GAS DIVISION
1016 EAST CALGARY AVENUE
BISMARCK, ND 58503-5512 US

VOID AFTER 90 DAYS





Wayne Stenehjem
ATTORNEY GENERAL

OFFICE OF ATTORNEY GENERAL

STATE CAPITOL
600 E BOULEVARD AVE DEPT 125
BISMARCK, ND 58505-0040
(701) 328-2210 FAX (701) 328-2226
www.ag.nd.gov

FILE

NATURAL RESOURCES
500 NORTH 9TH STREET
BISMARCK, ND 58501-4509
(701) 328-3640 FAX (701) 328-4300

September 26, 2011

Lawrence Bender
200 North 3rd Street, Suite 150
PO Box 1855
Bismarck, ND 58502-1855

Re: ICC No. 15161

Dear Mr. Bender:

The Industrial Commission ("Commission") is in receipt of the September 13, 2011 proposal in the above-referenced case. As you noted in your September 13th correspondence, it is important that the Consent Agreement accurately reflect the circumstances of the incidences. Please find enclosed the Commission's revisions to the proposed Consent Agreement. Please note the changes made to paragraph #4. While the Commission acknowledges extreme weather was a factor, it does not view the conditions to be outside of those that could be reasonably expected and does not agree to that language. Paragraph #5(F) remains unchanged. Please do not hesitate to contact me if you would like to discuss further.

Thank you.

Sincerely,

Zachary B. Smith
Assistant Attorney General

jjt
Enclosure

e:\dixie\ntsmith\industrial commission\o&g cases\counters and proposed revisions\15161counter.docx

COUNTY OF BURLEIGH

North Dakota Industrial Commission,

Complainant,

v.

Continental Resources, Inc.,

Respondent.

CONSENT AGREEMENT**INDUSTRIAL COMMISSION****CASE NO. 15161**

To settle this administrative action, the Industrial Commission ("Commission") and the Respondent Continental Resources, Inc. ("Continental"), make the following agreement:

1. At all times relevant to the Commission's Complaint, Continental owned or operated the Fortier 2-17H well, located in NE ¼ NE ¼, Section 17, Township 160 North, Range 96 West, Divide County, North Dakota (NDIC File No. 20130).
2. The Commission brought an administrative action against Continental by a Complaint dated June 1, 2011. The Complaint alleges the following violations:

Count One

- A. On or about April 27, 2011, the reserve pit on the Fortier 2-17H well site overflowed and oil flowed off the well site.
- B. North Dakota Administrative Code (NDAC) § 43-02-03-19 states in part that a reserve pit may be utilized providing the pit can be constructed, used and reclaimed in a manner that will prevent pollution of the land surface and freshwaters.
- C. Continental violated NDAC § 43-02-03-19 in that a lack of precautions in construction and use of the reserve pit on the Fortier 2-17H well site resulted in pollution of the land surface and freshwaters from the fluids that overflowed from the pit.

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- D. NDAC § 43-02-03-49 states that at no time shall oil be allowed to flow over or pool on the surface of the land or infiltrate the soil and states further that discharged oil must be properly removed and may not be allowed to remain standing within or outside of any diked areas.

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- F. North Dakota Century Code § 28-32-26 authorizes the Commission to assess the costs of an investigation to a person found to be in violation of a statute or rule as a result of an adjudicative proceeding or informal disposition, which costs may not exceed the statutorily authorized civil penalty for the violation.
 - G. In carrying out the investigation of Continental's violation of North Dakota law, the Commission has incurred costs and expenses in the amount of \$418.00.
- 3. The Industrial Commission's administrative action against Continental sought \$50,000.00 in fines for the violations alleged in the Industrial Commission's Complaint.
 - 4. The Commission acknowledges that the alleged violations set forth above were due in part to extreme weather conditions in western North Dakota. Heavy snowfall and heavy rains at a time of high soil moisture content, high stream flows and wet conditions created circumstances that were unforeseen by Continental.
 - 5. The Industrial Commission and Continental agree to settle this matter on the following terms:
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- E. Continental shall donate \$45,000.00 to the Fund if Continental commits the same or a substantially similar violation of NDAC § 43-02-03-19 or NDAC § 43-02-03-49 as set forth in the Complaint within a period of one year from the date of this agreement. If such violation occurs within one year from the date of this agreement, said \$45,000.00 donation shall be immediately due and payable to the Fund. If no such violation occurs, then said donation will be dismissed.
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- G. The Commission reserves the right to bring future administrative and judicial actions and to seek additional fines and other relief should Continental fail to adequately remediate effects on soil, water and vegetation as a result of the violations described in the Industrial Commission's Complaint.
6. This Agreement may be executed in counterparts and duplicate copies, each of which shall be deemed to be an original, and which, when taken together, shall constitute one and the same instrument.

Dated this _____ day of _____, 2011.

NORTH DAKOTA INDUSTRIAL COMMISSION
OIL & GAS DIVISION

By: _____

Lynn D. Helms
Director
Department of Mineral Resources
1016 East Calgary Avenue
Bismarck, ND 58503-5512

Dated this _____ day of _____, 2011.

CONTINENTAL RESOURCES, INC.

By: _____

Printed Name

Its: _____

Kadrmass, Bethany R.

From: Smith, Zac B.
Sent: Tuesday, September 13, 2011 11:27 AM
To: Hicks, Bruce E.; Kadrmass, Bethany R.; Wollan, Glenn L.; Helms, Lynn D.
Subject: FW: NDIC v. CRI - Case No. 1S161
Attachments: CRI-NDIC 15161_20110913111630.pdf

Please see forwarded message attached.

-----Original Message-----

From: Gibson, Melissa [<mailto:MGibson@fredlaw.com>]
Sent: Tuesday, September 13, 2011 11:24 AM
To: Smith, Zac B.
Cc: Bender, Lawrence; DonFischbach@contres.com
Subject: NDIC v. CRI - Case No. 1S161

Zach,

Please see the attached letter w/enclosure. Thank you.

Melissa P. Gibson
Legal Assistant
Fredrikson & Byron, P.A.
200 North 3rd Street, Suite 1S0
Bismarck, ND 58501
mgibson@fredlaw.com
Ph: (701) 221-4020
Fx: (701) 221-4040

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September 13, 2011

VIA EMAIL

Mr. Zachary B. Smith
Office of Attorney General
500 N. 9th Street
Bismarck, ND 58501-4509

**RE: North Dakota Industrial
Commission v. Continental
Resources, Inc.
Case No. 15161**

Dear Zach:

As we discussed by telephone, please find enclosed herewith the latest proposal by Continental Resources, Inc. ("Continental") to resolve this matter.

As we further discussed, we believe it is important the language of the Consent Agreement accurately reflect the facts and circumstances of the subject incidences, including the severe and unusual weather conditions which were the cause of the alleged violation. The weather conditions, (including record snow, rains and flooding) were a direct cause of the events giving rise to the alleged violations. Absent recognition of these facts, the Consent Agreement would not accurately reflect the events for any person who may later review the Agreement. We respectfully submit that the attached revisions accurately reflect these very unique circumstances and conditions. Hopefully this revision is acceptable and this matter can be brought to a close.

Continental also seeks clarification as to the Commission's intent to impose an additional bonding requirement as a part of the proposed settlement agreement. We understand bonding to be a mechanism to insure that work required to be completed is completed in the event the responsible party does not have the assets or resources to complete the requested work. Continental is a responsible corporate citizen and a multibillion dollar corporation that is motivated, and has ample assets available to complete this project. Accordingly, we submit an additional bonding requirement is not required, nor appropriate in this instance.

Attorneys & Advisors
main 701.221.4020
fax 701.221.4040
www.fredlaw.com

Fredrikson & Byron, P.A.
200 North Third Street, Suite 150
Bismarck, North Dakota
58501-3879

Mr. Zachary B. Smith
September 13, 2011
Page 2

Should you have any questions, please advise.

Sincerely,



LAWRENCE BENDER

LB/mpg

Enclosure

cc: Don Fischbach

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STATE OF NORTH DAKOTA

NORTH DAKOTA INDUSTRIAL COMMISSION

COUNTY OF BURLEIGH

North Dakota Industrial Commission,)	
)	CONSENT AGREEMENT
Complainant,)	
)	INDUSTRIAL COMMISSION
v.)	
)	
Continental Resources, Inc.,)	CASE NO. 15161
)	
Respondent.)	

To settle this administrative action, the Industrial Commission ("Commission") and the Respondent Continental Resources, Inc. ("Continental"), make the following agreement:

1. At all times relevant to the Commission's Complaint, Continental owned or operated the Fortier 2-17H well, located in NE ¼ NE ¼, Section 17, Township 160 North, Range 96 West, Divide County, North Dakota (NDIC File No. 20130).
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- F. North Dakota Century Code § 28-32-26 authorizes the Commission to assess the costs of an investigation to a person found to be in violation of a statute or rule as a result of an adjudicative proceeding or informal disposition, which costs may not exceed the statutorily authorized civil penalty for the violation.
- G. In carrying out the investigation of Continental's violation of North Dakota law, the Commission has incurred costs and expenses in the amount of \$418.00.
3. The Industrial Commission's administrative action against Continental sought \$50,000.00 in fines for the violations alleged in the Industrial Commission's Complaint.
- 1 4. The Commission acknowledges that the alleged violations set forth above were due to extreme weather conditions in western North Dakota. Heavy snowfall and heavy rains at a time of high soil moisture content, high stream flows and wet conditions created circumstances that were unforeseen by Continental. The Commission by agreeing to enter into this Consent Agreement views such weather conditions as being outside those that could reasonably be expected by Continental.
- 2 5. The Industrial Commission and Continental agree to settle this matter on the following terms:
- A. Continental unintentionally violated NDAC § 43-02-03-19, as set forth in Count One of the Industrial Commission's Complaint.
- B. Continental unintentionally violated NDAC § 43-02-03-49, as set forth in Count Two of the Industrial Commission's Complaint.
- C. Continental agrees to immediately pay the amount of \$5,000.00 to the Abandoned Oil and Gas Well Plugging and Site Reclamation Fund (the "Fund"). Payment shall be in the form of a check made payable to the Industrial Commission of North Dakota, Oil and Gas Division, shall reference Case No. 15161, and shall be directed to the attention of Lynn Helms, Director, Department of Mineral Resources, 1016 East Calgary Avenue, Bismarck, ND 58503-5512.
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- E. Continental shall donate \$45,000.00 to the Fund if Continental commits the same or a substantially similar violation of NDAC § 43-02-03-19 or NDAC § 43-02-03-49 as set forth in the Complaint within a period of one year from the date of this agreement. If such violation occurs within one year from the date of this

agreement, said \$45,000.00 donation shall be immediately due and payable to the Fund. If no such violation occurs, then said donation will be dismissed.

- 3 F. ~~Continental agrees to obtain a bond in the amount of \$20,000.00 in a form approved by the Commission that names the Commission as obligee. The bond shall be conditioned on full remediation as determined by the Commission, of the~~
4 ~~incident described in the Industrial Commission's complaint.~~ G. The Commission reserves the right to bring future administrative and judicial actions and to seek additional fines and other relief should Continental fail to adequately remediate effects on soil, water and vegetation as a result of the violations described in the Industrial Commission's Complaint.

- 5.6 This Agreement may be executed in counterparts and duplicate copies, each of which shall be deemed to be an original, and which, when taken together, shall constitute one and the same instrument.

Dated this _____ day of _____, 2011.

NORTH DAKOTA INDUSTRIAL
COMMISSION OIL & GAS DIVISION

By: _____
Lynn D. Helms
Director
Department of Mineral Resources
1016 East Calgary Avenue
Bismarck, ND 58503-5512

Dated this _____ day of _____, 2011.

7 ~~Continental~~
8 CONTINENTAL RESOURCES, INC.

9 By: _____
10 _____

11 _____
Printed Name

12 Its: _____

Jeff Hume
President
302 N. Independence Avenue
P.O. Box 1032
Enid, OK 73702-1032

14
15
16
17

18 - 49867814986874 1.DOC
19



Wayne Stenehjem
ATTORNEY GENERAL

OFFICE OF ATTORNEY GENERAL

STATE CAPITOL
600 E BOULEVARD AVE DEPT 125
BISMARCK, ND 58505-0040
(701) 328-2210 FAX (701) 328-2226
www.ag.nd.gov

FILE

NATURAL RESOURCES
500 NORTH 9TH STREET
BISMARCK, ND 58501-4509
(701) 328-3640 FAX (701) 328-4300

July 1, 2011

Lawrence Bender
200 North 3rd Street, Suite 150
PO Box 1855
Bismarck, ND 58502-1855

Re: ICC No. 15161

Dear Mr. Bender:

We acknowledge receipt on June 22, 2011 of your answer to the above referenced administrative complaint. The Industrial Commission does not intend to dismiss the complaint. However, the Commission is receptive to settlement of the case by negotiation of a consent agreement to avoid the necessity of a hearing. If you wish to proceed in this manner, please submit an offer for our consideration within a reasonable time period or, alternatively, if you do not want to negotiate a settlement, advise us and we will schedule a hearing date.

Sincerely,

Zachary B. Smith
Assistant Attorney General

Fredrikson

& BYRON, P.A.

June 21, 2011



HAND-DELIVERED

Ms. Karlene Fine
Executive Director
North Dakota Industrial Comm.
600 E. Boulevard Ave., 14th Floor
Bismarck, ND 58505-0840

**RE: North Dakota Industrial
Commission v. Continental
Resources, Inc.
Case No. 15161**

Dear Karlene:

Please find enclosed herewith for filing the Answer of Respondent Continental Resources, Inc. in the above-captioned matter.

Should you have any questions, please advise.

Sincerely,


LAWRENCE BENDER

LB/mpg

Enclosure

cc: Mr. Lynn Helms

4947852_1.DOC

Attorneys & Advisors
main 701.221.4020
fax 701.221.4040
www.fredlaw.com

Fredrikson & Byron, P.A.
200 North Third Street, Suite 150
Bismarck, North Dakota
58501-3879

STATE OF NORTH DAKOTA
COUNTY OF BURLEIGH

NORTH DAKOTA INDUSTRIAL COMMISSION



North Dakota Industrial Commission,)
)
Complainant,)
)
v.)
)
Continental Resources, Inc.,)
)
Respondent.)

**ANSWER OF RESPONDENT
CONTINENTAL RESOURCES, INC.**

Respondent Continental Resources, Inc. ("Continental"), for its answer to the Complaint of the North Dakota Industrial Commission ("Commission"), states and alleges as follows:

1.

Continental denies each and every allegation of the Commission's Complaint except as herein admitted, qualified, or explained.

2.

With respect to Paragraph 1 of the Commission's Complaint, Continental admits that the Commission requests administrative relief against Continental, but otherwise lacks sufficient knowledge or information to admit or deny the remaining allegations.

3.

With respect to Paragraph 2 of the Commission's Complaint, Continental states that the paragraph contains legal conclusions to which no response is required. To the extent that Paragraph 2 contains any factual allegations to which a response is required, Continental denies the same.

4.

Continental admits the allegations contained in Paragraph 3 of the Complaint.

5.

With respect to Paragraph 4 of the Commission's Complaint, Continental states that the paragraph contains legal conclusions to which no response is required. To the extent that Paragraph 4 contains any factual allegations to which a response is required, Continental lacks sufficient knowledge or information to admit or deny the remaining allegations.

6.

With respect to Paragraph 5 of the Commission's Complaint, Continental incorporates by reference paragraphs 1–5 above.

7.

Continental denies the allegations contained in Paragraph 6 of the Commission's Complaint.

8.

With respect to Paragraph 7 of the Commission's Complaint, Continental states that the paragraph contains legal conclusions to which no response is required. To the extent that Paragraph 7 contains any factual allegations to which a response is required, Continental denies the same.

9.

With respect to Paragraph 8 of the Commission's Complaint, Continental states that the paragraph contains legal conclusions to which no response is required. To the extent that Paragraph 8 contains any factual allegations to which a response is required, Continental denies the same.

10.

With respect to Paragraph 9 of the Commission's Complaint, Continental incorporates by reference paragraphs 1-9 above.

11.

With respect to Paragraph 10 of the Commission's Complaint, Continental states that the paragraph contains legal conclusions to which no response is required. To the extent that Paragraph 10 contains any remaining factual allegations to which a response is required, Continental lacks sufficient knowledge or information to admit or deny the remaining allegations.

12.

With respect to Paragraph 11 of the Commission's Complaint, Continental states that the paragraph contains legal conclusions to which no response is required. To the extent that Paragraph 11 contains any factual allegations to which a response is required, Continental denies the same.

13.

With respect to Paragraph 12 of the Commission's Complaint, Continental incorporates by reference paragraphs 1-12 above.

14.

With respect to Paragraph 13 of the Commission's Complaint, Continental states that the paragraph contains legal conclusions to which no response is required. To the extent that Paragraph 13 contains any factual allegations to which a response is required, Continental lacks sufficient knowledge or information to admit or deny the remaining allegations.

15.

With respect to Paragraph 14 of the Commission's Complaint, Continental lacks sufficient knowledge or information to admit or deny the allegations.

16.

As a defense, Continental alleges that the Commission's Complaint fails to state a cause of action upon which relief can be granted.

17.

As a defense, Continental alleges that the Commission's Complaint is barred, in whole or in part, by the equitable doctrines of laches, estoppel, and waiver.

REQUEST FOR RELIEF

WHEREFORE, Continental requests the following relief:

- a. The Commission's Complaint be in all things dismissed; and
- b. Such further and additional relief as justice may require.

DATED this 21st day of June, 2011.

FREDRICKSON & BYRON, P.A.

By 

LAWRENCE BENDER, ND Bar #03208
AMY L. DE KOK, ND Temp. #06973
Attorneys for Respondent,
Continental Resources, Inc.
200 North 3rd Street, Suite 150
Post Office Box 1855
Bismarck, North Dakota 58502-1855
(701) 221-4020

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on this 21st day of June, 2011, a true and correct copy of the foregoing document was forwarded via U.S. Mail to the following:

Lynn Helms
Director
Department of Mineral Resources
1016 East Calgary Avenue
Bismarck, ND 58503-5512



LAWRENCE BENDER

4947362_1.DOC

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

CONTINENTAL RESOURCES INC
PO BOX 1032
ENID OK 73702

2. Article Number
(Transfer from service label)

7010 3090 0001 2954 1262

PS Form 3811, February 2004

Domestic Return Receipt

102595-02 M-1610

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X *Kathy Lee*

☐ Agent
☐ Addressee

B. Received by (Printed Name)
Continental Resources

D. Is delivery address different from item 1? ☐ Yes
If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail ☐ Express Mail
☒ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee) ☒ Yes

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(Domestic Mail Only; No Insurance Coverage Provided)

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Total Postage & Fees	\$

6-2-11
Postmark
Here
6/2/11

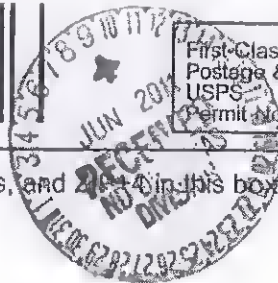
Sent to
Street or P.O.
City

CONTINENTAL RESOURCES INC
PO BOX 1032
ENID OK 73702

PS F Instructions

7010 3090 0001 2954 1262

UNITED STATES POSTAL SERVICE



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USPS
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- Sender: Please print your name, address, and ZIP+4 in this box •



OIL AND GAS DIVISION
600 E BLVD AVE
BISMARCK ND 58505-0840

Certified Mail Provides:

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- A record of delivery kept by the Postal Service for two years

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- Certified Mail is not available for any class of international mail.
- NO INSURANCE COVERAGE IS PROVIDED with Certified Mail. For valuables, please consider Insured or Registered Mail.
- For an additional fee, a *Return Receipt* may be requested to provide proof of delivery. To obtain Return Receipt service, please complete and attach a Return Receipt (PS Form 3811) to the article and add applicable postage to cover the fee. Endorse mailpiece "Return Receipt Requested". To receive a fee waiver for a duplicate return receipt, a USPS® postmark on your Certified Mail receipt is required.
- For an additional fee, delivery may be restricted to the addressee or addressee's authorized agent. Advise the clerk or mark the mailpiece with the endorsement "Restricted Delivery".
- If a postmark on the Certified Mail receipt is desired, please present the article at the post office for postmarking. If a postmark on the Certified Mail receipt is not needed, detach and affix label with postage and mail.

IMPORTANT: Save this receipt and present it when making an inquiry.

PS Form 3800, August 2006 (Reverse) PSN 7530-02-000-9047

COUNTY OF BURLEIGH

North Dakota Industrial
Commission,

Complainant,

V.

Continental Resources, Inc.

Respondents.

COMPLAINT

INDUSTRIAL COMMISSION

CASE NO. 15161

IMPORTANT NOTICE

If the Respondents Continental Resources, Inc. (Continental) do not serve upon the undersigned an Answer to this Complaint within 21 days after service of it, the Industrial Commission will deem the Complaint admitted and will enter a default order containing such terms as the facts and law may warrant. If an Answer to the Complaint is served within 21 days after service of the Complaint, a hearing on this matter will be scheduled.

The North Dakota Industrial Commission ("Commission") for its cause of action against Continental, states:

1. This is an administrative action brought by the Commission under North Dakota Century Code (NDCC) Chapters 38-08 and 28-32. The Commission requests administrative relief against Continental for violation of sections of the North Dakota Administrative Code (NDAC) governing the oil and gas industry.
2. The Commission is authorized to bring this action under NDCC § 38-08-04 and NDAC § 43-02-03-05.
3. Continental at all times relevant to this Complaint owned and/or operated oil and/or gas wells in the state of North Dakota, including the Fortier 2-17H well (NDIC File No. 20130) located in T160N, R96W, Section 17, NE/4 NE/4, Divide County, ND,
4. NDCC § 38-08-16 provides that anyone who violates any rule or regulation of the Commission is subject to a penalty of up to \$12,500 for each offense, and each day's violation is a separate offense.

Count One

5. The allegations in paragraphs 1 – 4 are realleged.
6. On or about April 27, 2011, the reserve pit on the Fortier 2-17H well site overflowed and oil flowed off the well site.
7. NDAC § 43-02-03-19 states in part that a reserve pit may be utilized providing the pit can be constructed, used and reclaimed in a manner that will prevent pollution of the land surface and freshwaters.

8. Continental violated NDAC § 43-02-03-19 in that lack of precautions in construction and use of the reserve pit on the Fortier 2-17H well site resulted in pollution of the land surface and freshwaters from the fluids that overflowed from the pit.

Count Two

9. The allegations in paragraphs 1 – 8 are realleged.
10. NDAC § 43-02-03-49 states that at no time shall oil be allowed to flow over or pool on the surface of the land or infiltrate the soil.
11. Continental violated NDAC § 43-02-03-49 from April 27, 2011 through April 29, 2011, when oil was allowed to flow over or pool on the surface of the land.

Count Three

12. The allegations in paragraphs 1 – 11 are realleged.
13. NDCC § 28-32-26 authorizes the Commission to assess the costs of an investigation to a person found to be in violation of a statute or rule as a result of an adjudicative proceeding or informal disposition, which costs may not exceed the statutorily authorized civil penalty for the violation.
14. In carrying out the investigation of Continental's violation of North Dakota law, the Commission has incurred costs and expenses in the amount of \$418.

Wherefore, the Commission requests the following:

1. That Respondents pay a fine of \$12,500 for violation of NDAC § 43-02-03-19 as set forth in Count One.
2. That Respondents pay a fine of \$12,500 for each days violation of NDAC § 43-02-03-49 as set forth in Count Two in the amount of \$37,500.
3. That Respondents pay the amount of \$418 to compensate the Commission for the reasonable costs and expenses incurred with regard to the violations explained in this Complaint.

Dated this 1st day of June, 2011.

Industrial Commission
State of North Dakota

By:



Lynn D. Helms
Director
Department of Mineral Resources
1016 East Calgary Avenue
Bismarck, ND 58503-5512

STATE OF NORTH DAKOTA
NORTH DAKOTA INDUSTRIAL COMMISSION

North Dakota Industrial
Commission,

Complainant,

v.

Continental Resources, Inc.

Respondent.

**AFFIDAVIT OF SERVICE BY
CERTIFIED MAIL AND RETENTION
OF DOCUMENTS**

**INDUSTRIAL COMMISSION
CASE NO. 15161**

STATE OF NORTH DAKOTA)
COUNTY OF BURLEIGH) ss.

Ernie Roberson states under oath as follows:

1. I am of legal age and I swear and affirm upon penalty of perjury that the statements made in this affidavit are true and correct.

2. I am of legal age and on the 2th day of June, 2011, I served the attached **Complaint** upon Continental Resources, Inc. by placing a true and correct copy in an envelope addressed as follows:

Continental Resources
PO Box 1032
Enid OK 73702

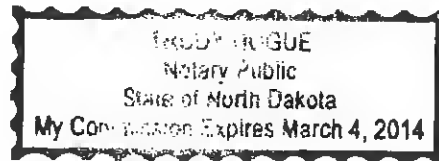
and depositing same, with postage prepaid, certified mail, return receipt requested, restricted delivery, in the United States mail at Bismarck, North Dakota.

3. The originals of these documents shall be retained at the Department of Mineral Resources, 1016 East Calgary Avenue, Bismarck, ND 58503.

Erle Roberson
Administrative Assistant

Subscribed and sworn to before me
this 2nd day of June, 2011.

Nudy Hogue
Notary Public



certified 7010 3090 0001 2954 1262

October 25, 2011

HAND-DELIVERED

Mr. Zachary B. Smith
Office of Attorney General
500 N. 9th Street
Bismarck, ND 58501-4509

**RE: North Dakota Industrial
Commission v. Continental
Resources, Inc.
Case No. 14892**

Dear Zach:

Enclosed please find herewith two original Consent Agreements in the above captioned matter that have been executed by Continental Resources, Inc. Also enclosed are Continental's checks made payable to the NDIC in the amounts of \$2,500.00 and \$342.00.

Please execute both original Consent Agreements and return one fully executed original to my office.

Should you have any questions, please advise.

Sincerely,


LAWRENCE BENDER

LB/mpg

Enclosures

cc: Donald P. Fischbach (via email w/enc.)

5011098_1.DOC

Attorneys & Advisors
main 701.221.4020
fax 701.221.4040
www.fredlaw.com

Fredrikson & Byron, P.A.
200 North Third Street, Suite 150
Bismarck, North Dakota
58501-3879

STATE OF NORTH DAKOTA

NORTH DAKOTA INDUSTRIAL COMMISSION

COUNTY OF BURLEIGH

North Dakota Industrial Commission,

Complainant,

v.

Continental Resources, Inc.,

Respondent.

CONSENT AGREEMENT

INDUSTRIAL COMMISSION

CASE NO. 14892

To settle this administrative action, the Industrial Commission ("Commission") and the Respondent Continental Resources, Inc. ("Continental"), make the following agreement:

1. At all times relevant to the Commission's Complaint, Continental owned or operated the Tempe 1-29H well, located in NE ¼ NW ¼, Section 29, Township 161 North, Range 96 West, Divide County, North Dakota (NDIC File No. 19747).
2. The Commission brought an administrative action against Continental by a Complaint dated May 31, 2011. The Complaint alleges the following violations:

Count One

- A. On or about April 25, 2011, the reserve pit on the Tempe 1-29H well site overflowed and oil flowed off the well site.
- B. North Dakota Administrative Code (NDAC) § 43-02-03-19 states in part that a reserve pit may be utilized providing the pit can be constructed, used and reclaimed in a manner that will prevent pollution of the land surface and freshwaters.
- C. Continental violated NDAC § 43-02-03-19 in that a lack of precautions in construction and use of the reserve pit on the Tempe 1-29H well site resulted in pollution of the land surface and freshwaters from the fluids that overflowed from the pit.

Count Two

- D. NDAC § 43-02-03-49 states that at no time shall oil be allowed to flow over or pool on the surface of the land or infiltrate the soil and states further that discharged oil must be properly removed and may not be allowed to remain standing within or outside of any diked areas.

- E. Continental violated NDAC § 43-02-03-49 when oil was allowed to flow over or pool on the surface of the land.

Count Three


- F. North Dakota Century Code § 28-32-26 authorizes the Commission to assess the costs of an investigation to a person found to be in violation of a statute or rule as a result of an adjudicative proceeding or informal disposition, which costs may not exceed the statutorily authorized civil penalty for the violation.
 - G. In carrying out the investigation of Continental's violation of North Dakota law, the Commission has incurred costs and expenses in the amount of \$342.00.
- 3. The Industrial Commission's administrative action against Continental sought \$25,000.00 in fines for the violations alleged in the Industrial Commission's Complaint.
 - 4. The Commission acknowledges that the alleged violations set forth above were due in part to extreme weather conditions in western North Dakota. Heavy snowfall and heavy rains at a time of high soil moisture content, high stream flows and wet conditions created circumstances that were unforeseen by Continental.
 - 5. The Industrial Commission and Continental agree to settle this matter on the following terms:
 - A. Continental unintentionally violated NDAC § 43-02-03-19, as set forth in Count One of the Industrial Commission's Complaint.
 - B. Continental unintentionally violated NDAC § 43-02-03-49, as set forth in Count Two of the Industrial Commission's Complaint.
 - C. Continental agrees to immediately pay the amount of \$2,500.00 to the Abandoned Oil and Gas Well Plugging and Site Reclamation Fund (the "Fund"). Payment shall be in the form of a check made payable to the Industrial Commission of North Dakota, Oil and Gas Division, shall reference Case No. 14892, and shall be directed to the attention of Lynn Helms, Director, Department of Mineral Resources, 1016 East Calgary Avenue, Bismarck, ND 58503-5512.
 - D. Continental agrees to immediately pay to the Industrial Commission the amount of \$342.00 to compensate the Industrial Commission for the reasonable costs and expenses incurred with regard to the violations alleged in the administrative complaint. If this payment is made by check, then the check shall be made payable to the North Dakota Oil and Gas Division.

- E. Continental shall donate \$22,500.00 to the Fund if Continental commits the same or a substantially similar violation of NDAC § 43-02-03-19 or NDAC § 43-02-03-49 as set forth in the Complaint within a period of one year from the date of this agreement. If such violation occurs within one year from the date of this agreement, said \$22,500.00 donation shall be immediately due and payable to the Fund. If no such violation occurs, then said donation will be dismissed.
- F. The Commission reserves the right to bring future administrative and judicial actions and to seek additional fines and other relief should Continental fail to adequately remediate effects on soil, water and vegetation as a result of the violations described in the Industrial Commission's Complaint.
6. This Agreement may be executed in counterparts and duplicate copies, each of which shall be deemed to be an original, and which, when taken together, shall constitute one and the same instrument.

Dated this 27th day of October, 2011.

NORTH DAKOTA INDUSTRIAL COMMISSION
OIL & GAS DIVISION

By:

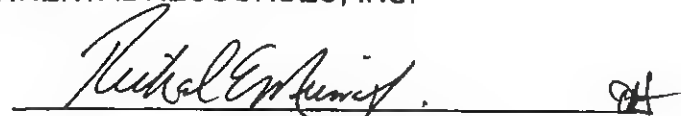


Lynn D. Helms
Director
Department of Mineral Resources
1016 East Calgary Avenue
Bismarck, ND 58503-5512

Dated this 14th day of October, 2011.

CONTINENTAL RESOURCES, INC.

By:



RICHARD E. MUNCRIF

Printed Name

Its:

SVP - OPERATIONS

ACCOUNT NUMBER: 0004107477		INDUSTRIAL COMMISSION OF NORTH DAKO		CHECK NUMBER: 00034619
				CHECK DATE: 06/17/11
INVOICE/REFERENCE	TYPE	DATE	COMMENTS	AMOUNT
061311	I	06/13/11	TEMPE 1-29- CASE NO 14892	2,500.00

RECEIPT

DATE 10-25-11 NO. 702310

RECEIVED FROM

ADDRESS

FOR

ACCOUNT	
AMT. OF ACCOUNT	2500.00
AMT. PAID	342.00
BALANCE DUE	2158.00

☐ CASH☐ CHECK☐ MONEY ORDER

BY

©2001 RED-ONE © 81820

CHECK TOTALS:

2,500.00

WARNING: THIS DOCUMENT CONTAINS MULTIPLE SECURITY FEATURES. READ REVERSE SIDE FOR FULL DISCLOSURE.

CONTINENTAL RESOURCES, INC.
OPERATING ACCOUNT

P.O. BOX 1032

ENID OK 73702-1032

(580) 233-8955

U.S. Bank
950 17th St
Denver, CO 80202

00034619

23.2
1020

Reference Number	Date	Check Number	Check Amount
0004107477	06/17/11	00034619	*****\$2,500.00

PAY Two thousand five hundred and 00/100 Dollars

PAY
TO THE
ORDER
OFINDUSTRIAL COMMISSION OF NORTH DAKO
OIL AND GAS DIVISION
1016 EAST CALGARY AVENUE
BISMARCK, ND 58503-5512 US

VOID AFTER 90 DAYS

ACCOUNT NUMBER: 0004107477		INDUSTRIAL COMMISSION OF NORTH DAKO		CHECK NUMBER: 00042236
				CHECK DATE: 10/19/11
INVOICE/REFERENCE	TYPE	DATE	COMMENTS	AMOUNT
101411D	I	10/14/11	TEMPE 1-29H NDIC CASE 14892	342.00
CHECK TOTALS:				342.00

WARNING: THIS DOCUMENT CONTAINS MULTIPLE SECURITY FEATURES. READ REVERSE SIDE FOR FULL DISCLOSURE.

CONTINENTAL RESOURCES, INC.
OPERATING ACCOUNT

P.O. BOX 1032

ENID OK 73702-1032

(580) 233-8955

U.S. Bank
950 17th St
Denver, CO 8020223.2
1020

00042236

Reference Number	Date	Check Number	Check Amount
0004107477	10/19/11	00042236	*****\$342.00

PAY Three hundred forty two and 00/100 Dollars

PAY
TO THE
ORDER
OFINDUSTRIAL COMMISSION OF NORTH DAKO
OIL AND GAS DIVISION
1016 EAST CALGARY AVENUE
BISMARCK, ND 58503-5512 US

VOID AFTER 90 DAYS



Wayne Stenehjem
ATTORNEY GENERAL

OFFICE OF ATTORNEY GENERAL

STATE CAPITOL
600 E BOULEVARD AVE DEPT 125
BISMARCK, ND 58505-0040
(701) 328-2210 FAX (701) 328-2226
www.ag.nd.gov

FILE

NATURAL RESOURCES
500 NORTH 9TH STREET
BISMARCK, ND 58501-4509
(701) 328-3640 FAX (701) 328-4300

September 26, 2011

Lawrence Bender
200 North 3rd Street, Suite 150
PO Box 1855
Bismarck, ND 58502-1855

Re: ICC No. 14892

Dear Mr. Bender:

The Industrial Commission ("Commission") is in receipt of the September 13, 2011 proposal in the above-referenced case. As you noted in your September 13th correspondence, it is important that the Consent Agreement accurately reflect the circumstances of the incidences. Please find enclosed the Commission's revisions to the proposed Consent Agreement. Please note the changes made to paragraph #4. While the Commission acknowledges extreme weather was a factor, it does not view the conditions to be outside of those that could be reasonably expected and does not agree to that language. Please do not hesitate to contact me if you would like to discuss further.

Thank you.

Sincerely,

Zachary B. Smith
Assistant Attorney General

jjt
Enclosure

e:\dixie\ntsmith\industrial commission\to&g cases\counters and proposed revisions\14892counter.docx

STATE OF NORTH DAKOTA

NORTH DAKOTA INDUSTRIAL COMMISSION

COUNTY OF BURLEIGH

North Dakota Industrial Commission,)
)
Complainant,)
)
v.)
)
Continental Resources, Inc.,)
)
Respondent.)

CONSENT AGREEMENT

INDUSTRIAL COMMISSION

CASE NO. 14892

To settle this administrative action, the Industrial Commission ("Commission") and the Respondent Continental Resources, Inc. ("Continental"), make the following agreement:

1. At all times relevant to the Commission's Complaint, Continental owned or operated the Tempe 1-29H well, located in NE ¼ NW ¼, Section 29, Township 161 North, Range 96 West, Divide County, North Dakota (NDIC File No. 19747).
2. The Commission brought an administrative action against Continental by a Complaint dated May 31, 2011. The Complaint alleges the following violations:

Count One

- A. On or about April 25, 2011, the reserve pit on the Tempe 1-29H well site overflowed and oil flowed off the well site.
- B. North Dakota Administrative Code (NDAC) § 43-02-03-19 states in part that a reserve pit may be utilized providing the pit can be constructed, used and reclaimed in a manner that will prevent pollution of the land surface and freshwaters.
- C. Continental violated NDAC § 43-02-03-19 in that a lack of precautions in construction and use of the reserve pit on the Tempe 1-29H well site resulted in pollution of the land surface and freshwaters from the fluids that overflowed from the pit.

Count Two

- D. NDAC § 43-02-03-49 states that at no time shall oil be allowed to flow over or pool on the surface of the land or infiltrate the soil and states further that discharged oil must be properly removed and may not be allowed to remain standing within or outside of any diked areas.

- E. Continental violated NDAC § 43-02-03-49 when oil was allowed to flow over or pool on the surface of the land.

Count Three

- F. North Dakota Century Code § 28-32-26 authorizes the Commission to assess the costs of an investigation to a person found to be in violation of a statute or rule as a result of an adjudicative proceeding or informal disposition, which costs may not exceed the statutorily authorized civil penalty for the violation.
 - G. In carrying out the investigation of Continental's violation of North Dakota law, the Commission has incurred costs and expenses in the amount of \$342.00.
- 3. The Industrial Commission's administrative action against Continental sought \$25,000.00 in fines for the violations alleged in the Industrial Commission's Complaint.
 - 4. The Commission acknowledges that the alleged violations set forth above were due in part to extreme weather conditions in western North Dakota. Heavy snowfall and heavy rains at a time of high soil moisture content, high stream flows and wet conditions created circumstances that were unforeseen by Continental.
 - 5. The Industrial Commission and Continental agree to settle this matter on the following terms:
 - A. Continental unintentionally violated NDAC § 43-02-03-19, as set forth in Count One of the Industrial Commission's Complaint.
 - B. Continental unintentionally violated NDAC § 43-02-03-49, as set forth in Count Two of the Industrial Commission's Complaint.
 - C. Continental agrees to immediately pay the amount of \$2,500.00 to the Abandoned Oil and Gas Well Plugging and Site Reclamation Fund (the "Fund"). Payment shall be in the form of a check made payable to the Industrial Commission of North Dakota, Oil and Gas Division, shall reference Case No. 14892, and shall be directed to the attention of Lynn Helms, Director, Department of Mineral Resources, 1016 East Calgary Avenue, Bismarck, ND 58503-5512.
 - D. Continental agrees to immediately pay to the Industrial Commission the amount of \$342.00 to compensate the Industrial Commission for the reasonable costs and expenses incurred with regard to the violations alleged in the administrative complaint. If this payment is made by check, then the check shall be made payable to the North Dakota Oil and Gas Division.

- E. Continental shall donate \$22,500.00 to the Fund if Continental commits the same or a substantially similar violation of NDAC § 43-02-03-19 or NDAC § 43-02-03-49 as set forth in the Complaint within a period of one year from the date of this agreement. If such violation occurs within one year from the date of this agreement, said \$22,500.00 donation shall be immediately due and payable to the Fund. If no such violation occurs, then said donation will be dismissed.
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6. This Agreement may be executed in counterparts and duplicate copies, each of which shall be deemed to be an original, and which, when taken together, shall constitute one and the same instrument.

Dated this _____ day of _____, 2011.

NORTH DAKOTA INDUSTRIAL COMMISSION
OIL & GAS DIVISION

By: _____

Lynn D. Helms
Director
Department of Mineral Resources
1016 East Calgary Avenue
Bismarck, ND 58503-5512

Dated this _____ day of _____, 2011.

CONTINENTAL RESOURCES, INC.

By: _____

Printed Name

Its: _____

Kadrmass, Bethany R.

From: Smith, Zac B.
Sent: Tuesday, September 13, 2011 11:25 AM
To: Kadrmass, Bethany R.; Hicks, Bruce E.; Wollan, Glenn L.; Helms, Lynn D.
Subject: FW: NDIC v. CRI - Case No. 14892
Attachments: CRI-NDIC14892_20110913111413.pdf

Forwarded message attached

-----Original Message-----

From: Gibson, Melissa [<mailto:MGibson@fredlaw.com>]
Sent: Tuesday, September 13, 2011 11:22 AM
To: Smith, Zac B.
Cc: Bender, Lawrence; DonFischbach@contres.com
Subject: NDIC v. CRI - Case No. 14892

Zach,

Please see the attached letter w/enclosure. Thank you.

Melissa P. Gibson
Legal Assistant
Fredrikson & Byron, P.A.
200 North 3rd Street, Suite 150
Bismarck, ND 58501
mgibson@fredlaw.com
Ph: (701) 221-4020
Fx: (701) 221-4040

This is a transmission from the law firm of Fredrikson & Byron, P.A. and may contain information which is privileged, confidential, and protected by the attorney-client or attorney work product privileges. If you are not the addressee, note that any disclosure, copying, distribution, or use of the contents of this message is prohibited. If you have received this transmission in error, please destroy it and notify us immediately at our telephone number (701) 221-4020. The name and biographical data provided above are for informational purposes only and are not intended to be a signature or other indication of an intent by the sender to authenticate the contents of this electronic message.

September 13, 2011

VIA EMAIL

Mr. Zachary B. Smith
Office of Attorney General
500 N. 9th Street
Bismarck, ND 58501-4509

**RE: North Dakota Industrial
Commission v. Continental
Resources, Inc.
Case No. 14892**

Dear Zach:

As we discussed by telephone, please find enclosed herewith the latest proposal by Continental Resources, Inc. ("Continental") to resolve this matter.

As we further discussed, we believe it is important the language of the Consent Agreement accurately reflect the facts and circumstances of the subject incidences, including the severe and unusual weather conditions which were the cause of the alleged violation. The weather conditions, (including record snow, rains and flooding) were a direct cause of the events giving rise to the alleged violations. Absent recognition of these facts, the Consent Agreement would not accurately reflect the events for any person who may later review the Agreement. We respectfully submit that the attached revisions accurately reflect these very unique circumstances and conditions. Hopefully this revision is acceptable and this matter can be brought to a close.

Should you have any questions, please advise.

Sincerely,


LAWRENCE BENDER

LB/mpg
Enclosure
cc: Don Fischbach

4986973_1.DOC

Attorneys & Advisors
main 701.221.4020
fax 701.221.4040
www.fredlaw.com

Fredrikson & Byron, P.A.
200 North Third Street, Suite 150
Bismarck, North Dakota
58501-3879

STATE OF NORTH DAKOTA

NORTH DAKOTA INDUSTRIAL COMMISSION

COUNTY OF BURLEIGH

North Dakota Industrial Commission,

)

Complainant,

)

CONSENT AGREEMENT

)

INDUSTRIAL COMMISSION

)

v.

)

CASE NO. 14892

)

Continental Resources, Inc.,

)

)

Respondent.

)

)

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Count One

- A. On or about April 25, 2011, the reserve pit on the Tempe 1-29H well site overflowed and oil flowed off the well site.
- B. North Dakota Administrative Code (NDAC) § 43-02-03-19 states in part that a reserve pit may be utilized providing the pit can be constructed, used and reclaimed in a manner that will prevent pollution of the land surface and freshwaters.
- C. Continental violated NDAC § 43-02-03-19 in that a lack of precautions in construction and use of the reserve pit on the Tempe 1-29H well site resulted in pollution of the land surface and freshwaters from the fluids that overflowed from the pit.

Count Two

- D. NDAC § 43-02-03-49 states that at no time shall oil be allowed to flow over or pool on the surface of the land or infiltrate the soil and states further that discharged oil must be properly removed and may not be allowed to remain standing within or outside of any diked areas.
- E. Continental violated NDAC § 43-02-03-49 when oil was allowed to flow over or pool on the surface of the land.

Count Three

- F. North Dakota Century Code § 28-32-26 authorizes the Commission to assess the costs of an investigation to a person found to be in violation of a statute or rule as a result of an adjudicative proceeding or informal disposition, which costs may not exceed the statutorily authorized civil penalty for the violation.
 - G. In carrying out the investigation of Continental's violation of North Dakota law, the Commission has incurred costs and expenses in the amount of \$342.00.
3. The Industrial Commission's administrative action against Continental sought \$25,000.00 in fines for the violations alleged in the Industrial Commission's Complaint.
- 1 4. The Commission acknowledges that the alleged violations set forth above were due to extreme weather conditions in western North Dakota. Heavy snowfall and heavy rains at a time of high soil moisture content, high stream flows and wet conditions created circumstances that were unforeseen by Continental. The Commission by agreeing to enter into this Consent Agreement views such weather conditions as being outside those that could reasonably be expected by Continental.
- 2 5. The Industrial Commission and Continental agree to settle this matter on the following terms:
- A. Continental unintentionally violated NDAC § 43-02-03-19, as set forth in Count One of the Industrial Commission's Complaint.
 - B. Continental unintentionally violated NDAC § 43-02-03-49, as set forth in Count Two of the Industrial Commission's Complaint.
 - C. Continental agrees to immediately pay the amount of \$2,500.00 to the Abandoned Oil and Gas Well Plugging and Site Reclamation Fund (the "Fund"). Payment shall be in the form of a check made payable to the Industrial Commission of North Dakota, Oil and Gas Division, shall reference Case No. 14892, and shall be directed to the attention of Lynn Helms, Director, Department of Mineral Resources, 1016 East Calgary Avenue, Bismarck, ND 58503-5512.
 - D. Continental agrees to immediately pay to the Industrial Commission the amount of \$342.00 to compensate the Industrial Commission for the reasonable costs and expenses incurred with regard to the violations alleged in the administrative complaint. If this payment is made by check, then the check shall be made payable to the North Dakota Oil and Gas Division.
 - E. Continental shall donate \$22,500.00 to the Fund if Continental commits the same or a substantially similar violation of NDAC § 43-02-03-19 or NDAC § 43-02-0349 as set forth in the Complaint within a period of one year from the date of this agreement. If such violation occurs within one year from the date of this agreement, said \$22,500.00 donation shall be immediately due and payable to the Fund. If no such violation occurs, then said donation will be dismissed.
 - F. The Commission reserves the right to bring future administrative and judicial actions and to seek additional fines and other relief should Continental fail to adequately remediate effects on soil, water and vegetation as a result of the violations described in the Industrial Commission's Complaint.

3- 5-6 This Agreement may be executed in counterparts and duplicate copies, each of which
4 shall be deemed to be an original, and which, when taken together, shall constitute one
and the same instrument.

Dated this _____ day of _____, 2011

NORTH DAKOTA INDUSTRIAL COMMISSION
OIL & GAS DIVISION

By: _____
Lynn D. Helms
Director
Department of Mineral Resources
1016 East Calgary Avenue
Bismarck, ND 58503-5512

Dated this _____ day of _____, 2011

5 Continental

6 By: _____
7 _____
8 Printed Name
9 CONTINENTAL RESOURCES, INC.

10 By: Jeff Hume
11 President
12 302 N. Independence Avenue
13 P. O. Box 1032
Enid, OK 73702-1032

14 Its: _____

15 4986804_1

16 4987134_1.DOC

Fredrikson

& BYRON, P.A.

June 20, 2011



HAND-DELIVERED

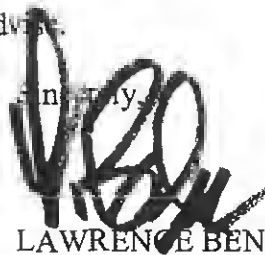
Ms. Karlene Fine
Executive Director
North Dakota Industrial Comm.
600 E. Boulevard Ave., 14th Floor
Bismarck, ND 58505-0840

**RE: North Dakota Industrial
Commission v. Continental
Resources, Inc.
Case No. 14892**

Dear Karlene:

Please find enclosed herewith for filing the Answer of Respondent Continental Resources, Inc. in the above-captioned matter.

Should you have any questions, please advise.


LAWRENCE BENDER

LB/mpg
Enclosure
cc: Mr. Lynn Helms

4947087_1.DOC

Attorneys & Advisors
main 701.221.4020
fax 701.221.4040
www.fredlaw.com

Fredrikson & Byron, P.A.
200 North Third Street, Suite 150
Bismarck, North Dakota
58501-3879

STATE OF NORTH DAKOTA

NORTH DAKOTA INDUSTRIAL COMMISSION

COUNTY OF BURLEIGH

North Dakota Industrial Commission,)

Complainant,)

v.)

Continental Resources, Inc.,)

Respondent.)



CASE NO. 14892

**ANSWER OF RESPONDENT
CONTINENTAL RESOURCES, INC.**

Respondent, Continental Resources, Inc. ("Continental"), for its answer to the Complaint of the North Dakota Industrial Commission ("Commission"), states as follows:

1.

Continental denies each and every allegation of the Commission's Complaint except as herein admitted, qualified, or explained.

2.

With respect to Paragraph 1 of the Commission's Complaint, Continental admits that the Commission requests administrative relief against Continental, but otherwise lacks sufficient knowledge or information to admit or deny the remaining allegations.

3.

With respect to Paragraph 2 of the Commission's Complaint, Continental states that the paragraph contains legal conclusions to which no response is required. To the extent that Paragraph 2 contains any factual allegations to which a response is required, Continental denies the same.

4.

Continental admits the allegations contained in Paragraph 3 of the Complaint.

5.

With respect to Paragraph 4 of the Commission's Complaint, Continental states that the paragraph contains legal conclusions to which no response is required. To the extent that Paragraph 4 contains any factual allegations to which a response is required, Continental denies the same.

6.

With respect to Paragraph 5 of the Commission's Complaint, Continental incorporates by reference Paragraphs 1-5 above.

7.

Continental denies the allegations contained in Paragraph 6 of the Commission's Complaint.

8.

With respect to Paragraph 7 of the Commission's Complaint, Continental states that the paragraph contains legal conclusions to which no response is required. To the extent that Paragraph 7 contains any factual allegations to which a response is required, Continental denies the same.

9.

With respect to Paragraph 8 of the Commission's Complaint, Continental states that the paragraph contains legal conclusions to which no response is required. To the extent that Paragraph 8 contains any factual allegations to which a response is required, Continental denies the same.

10.

With respect to Paragraph 9 of the Commission's Complaint, Continental incorporates by reference paragraphs 1–9 above.

11.

With respect to Paragraph 10 of the Commission's Complaint, Continental states that the paragraph contains legal conclusions to which no response is required. To the extent that Paragraph 10 contains any remaining factual allegations to which a response is required, Continental lacks sufficient knowledge or information to admit or deny the remaining allegations.

12.

With respect to Paragraph 11 of the Commission's Complaint, Continental states that the paragraph contains legal conclusions to which no response is required. To the extent that Paragraph 11 contains any factual allegations to which a response is required, Continental denies the same.

13.

With respect to Paragraph 12 of the Commission's Complaint, Continental incorporates by reference paragraphs 1–12 above.

14.

With respect to Paragraph 13 of the Commission's Complaint, Continental states that the paragraph contains legal conclusions to which no response is required. To the extent that Paragraph 13 contains any factual allegations to which a response is required, Continental lacks sufficient knowledge or information to admit or deny the remaining allegations.

15.

With respect to Paragraph 14 of the Commission's Complaint, Continental lacks sufficient knowledge or information to admit or deny the allegations.

16.

As a defense, Continental alleges that the Commission's Complaint fails to state a cause of action upon which relief can be granted.

17.

As a defense, Continental alleges that the Commission's Complaint is barred, in whole or in part, by the equitable doctrines of laches, estoppel, and waiver.

REQUEST FOR RELIEF

WHEREFORE, Continental requests the following relief:

- a. The Commission's Complaint be in all things dismissed; and
- b. Such further and additional relief as justice may require.

DATED this 20th day of June, 2011.

FRIEDRICKSON & BYRON, P.A.

By 

LAWRENCE BENDER, ND Bar #03908
AMY L. DE KOK, ND Temp. #06973
Attorneys for Respondent,
Continental Resources, Inc.
200 North 3rd Street, Suite 150
Post Office Box 1855
Bismarck, North Dakota 58502-1855
(701) 221-4020

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on this 20th day of June, 2011, a true and correct copy of the foregoing document was forwarded via U.S. Mail to the following:

Lynn Helms
Director
Department of Mineral Resources
1016 East Calgary Avenue
Bismarck, ND 58503-5512



LAWRENCE BENDER

4946585_1.DOC

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY
<ul style="list-style-type: none"> ■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. ■ Print your name and address on the reverse so that we can return the card to you. ■ Attach this card to the back of the mailpiece, or on the front if space permits. 	<p>A. Signature <input type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p>X <i>[Signature]</i></p> <p>B. Received by <i>[Name]</i> C. Date of Delivery JUN 03 2011</p> <p>Continental Resources</p> <p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No</p>
<p>1. Article Addressed to:</p> <p style="text-align: center; font-weight: bold;">CONTINENTAL RESOURCES INC PO BOX 1032 ENID OK 73702</p>	<p>3. Service Type</p> <p><input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail</p> <p><input checked="" type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise</p> <p><input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p>
<p>2. Article Number <i>(Transfer from service label)</i></p>	<p>4. Restricted Delivery? <i>(Extra Fee)</i> <input checked="" type="checkbox"/> Yes</p>
<p>7009 2820 0002 9236 3647</p>	
<p>PS Form 3811, February 2004 Domestic Return Receipt 102595-02-M-1540</p>	

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(Domestic Mail Only; No Insurance Coverage Provided)

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<p>Postage \$</p> <p>Certified Fee</p> <p>Return Receipt Fee <small>(Endorsement Required)</small></p> <p>Restricted Delivery Fee <small>(Endorsement Required)</small></p> <p>Total Postage & Fees \$</p>	<p style="font-size: 1.5em;">Glen</p> <p>Postmark Here</p> <p style="font-size: 1.5em;">531-11</p>
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CONTINENTAL RESOURCES INC

PO BOX 1032

ENID OK 73702

PS Form 3800, August 2006

See Reverse for Instructions

UNITED STATES POSTAL SERVICE

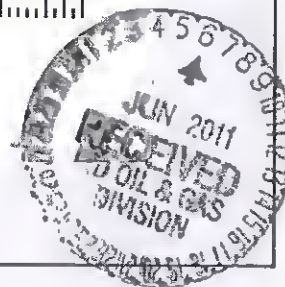


First-Class Mail
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USPS
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OIL AND GAS DIVISION
600 E BLVD AVE
BISMARCK ND 58505-0840



Certified Mail Provides:

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- Certified Mail may ONLY be combined with First-Class Mail® or Priority Mail®.
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- For an additional fee, a *Return Receipt* may be requested to provide proof of delivery. To obtain Return Receipt service, please complete and attach a Return Receipt (PS Form 3811) to the article and add applicable postage to cover the fee. Endorse mailpiece "Return Receipt Requested". To receive a fee waiver for a duplicate return receipt, a USPS® postmark on your Certified Mail receipt is required.
- For an additional fee, delivery may be restricted to the addressee or addressee's authorized agent. Advise the clerk or mark the mailpiece with the endorsement "Restricted Delivery".
- If a postmark on the Certified Mail receipt is desired, please present the article at the post office for postmarking. If a postmark on the Certified Mail receipt is not needed, detach and affix label with postage and mail.

IMPORTANT: Save this receipt and present it when making an inquiry.

PS Form 3800, August 2006 (Reverse) PSN 7530-02-000-0047

STATE OF NORTH DAKOTA

NORTH DAKOTA INDUSTRIAL COMMISSION

COUNTY OF BURLEIGH

North Dakota Industrial
Commission,

Complainant,

v.

Continental Resources, Inc.

Respondents.

COMPLAINT

INDUSTRIAL COMMISSION

CASE NO. 14892

IMPORTANT NOTICE

If the Respondents Continental Resources, Inc. (Continental) do not serve upon the undersigned an Answer to this Complaint within 21 days after service of it, the Industrial Commission will deem the Complaint admitted and will enter a default order containing such terms as the facts and law may warrant. If an Answer to the Complaint is served within 21 days after service of the Complaint, a hearing on this matter will be scheduled.

The North Dakota Industrial Commission ("Commission") for its cause of action against Continental, states:

1. This is an administrative action brought by the Commission under North Dakota Century Code (NDCC) Chapters 38-08 and 28-32. The Commission requests administrative relief against Continental for violation of sections of the North Dakota Administrative Code (NDAC) governing the oil and gas industry.
2. The Commission is authorized to bring this action under NDCC § 38-08-04 and NDAC § 43-02-03-05.
3. Continental at all times relevant to this Complaint owned and/or operated oil and/or gas wells in the state of North Dakota, including the Tempe 1-29H well (NDIC File No. 19747) located in T161N, R96W, Section 29, NE/4 NW/4, Divide County, ND,
4. NDCC § 38-08-16 provides that anyone who violates any rule or regulation of the Commission is subject to a penalty of up to \$12,500 for each offense, and each day's violation is a separate offense.

Count One

5. The allegations in paragraphs 1 – 4 are realleged.
6. On or about April 25, 2011, the reserve pit on the Tempe 1-29H well site overflowed and oil flowed off the well site.
7. NDAC § 43-02-03-19 states in part that a reserve pit may be utilized providing the pit can be constructed, used and reclaimed in a manner that will prevent pollution of the land surface and freshwaters.

8. Continental violated NDAC § 43-02-03-19 in that lack of precautions in construction and use of the reserve pit on the Tempe 1-29H well site resulted in pollution of the land surface and freshwaters from the fluids that overflowed from the pit.

Count Two

9. The allegations in paragraphs 1 – 8 are realleged.
10. NDAC § 43-02-03-49 states that at no time shall oil be allowed to flow over or pool on the surface of the land or infiltrate the soil.
11. Continental violated NDAC § 43-02-03-49 when oil was allowed to flow over or pool on the surface of the land.

Count Three

12. The allegations in paragraphs 1 – 11 are realleged.
13. NDCC § 28-32-26 authorizes the Commission to assess the costs of an investigation to a person found to be in violation of a statute or rule as a result of an adjudicative proceeding or informal disposition, which costs may not exceed the statutorily authorized civil penalty for the violation.
14. In carrying out the investigation of Continental's violation of North Dakota law, the Commission has incurred costs and expenses in the amount of \$342.

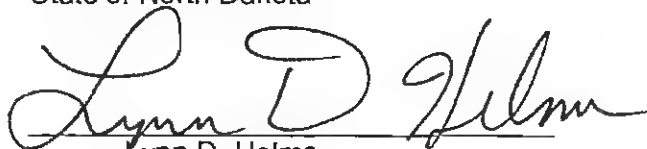
Wherefore, the Commission requests the following:

1. That Respondents pay a fine of \$12,500 for violation of NDAC § 43-02-03-19 as set forth in Count One.
2. That Respondents pay a fine of \$12,500 for violation of NDAC § 43-02-03-49 as set forth in Count Two.
3. That Respondents pay the amount of \$342 to compensate the Commission for the reasonable costs and expenses incurred with regard to the violations explained in this Complaint.

Dated this 27th day of May, 2011.

Industrial Commission
State of North Dakota

By:



Lynn D. Helms
Director
Department of Mineral Resources
1016 East Calgary Avenue
Bismarck, ND 58503-5512

STATE OF NORTH DAKOTA
NORTH DAKOTA INDUSTRIAL COMMISSION

North Dakota Industrial
Commission,

 Complainant,

 v.

Continental Resources, Inc.

 Respondent.

**AFFIDAVIT OF SERVICE BY
CERTIFIED MAIL AND RETENTION
OF DOCUMENTS**

**INDUSTRIAL COMMISSION
CASE NO. 14892**

STATE OF NORTH DAKOTA }
COUNTY OF BURLEIGH } ss.

Evie Roberson states under oath as follows:

1. I am of legal age and I swear and affirm upon penalty of perjury that the statements made in this affidavit are true and correct.

2. I am of legal age and on the 31th day of May, 2011, I served the attached **Complaint** upon Continental Resources, Inc. by placing a true and correct copy in an envelope addressed as follows:

Continental Resources Inc
PO Box 1032
Enid, OK 73702

and depositing same, with postage prepaid, certified mail, return receipt requested, restricted delivery, in the United States mail at Bismarck, North Dakota.

October 25, 2011

HAND-DELIVERED

Mr. Zachary B. Smith
Office of Attorney General
500 N. 9th Street
Bismarck, ND 58501-4509

**RE: North Dakota Industrial
Commission v. Continental
Resources, Inc.
Case No. 14894**


Dear Zach:

Enclosed please find herewith two original Consent Agreements in the above captioned matter that have been executed by Continental Resources, Inc. Also enclosed are Continental's checks made payable to the NDIC in the amounts of \$2,500.00 and \$233.00.

Please execute both original Consent Agreements and return one fully executed original to my office.

Should you have any questions, please advise.

Sincerely,



LAWRENCE FENDER

LB/mpg

Enclosures

cc: Donald P. Fischbach (via email w/enc.)

5011116_1.DOC

Attorneys & Advisors
main 701.221.4020
fax 701.221.4040
www.fredlaw.com

Fredrikson & Byron, P.A.
200 North Third Street, Suite 150
Bismarck, North Dakota
58501-3879

STATE OF NORTH DAKOTA

NORTH DAKOTA INDUSTRIAL COMMISSION

COUNTY OF BURLEIGH

North Dakota Industrial Commission,

Complainant,

v.

Continental Resources, Inc.,

Respondent.

CONSENT AGREEMENT

INDUSTRIAL COMMISSION

CASE NO. 14894

To settle this administrative action, the Industrial Commission ("Commission") and the Respondent Continental Resources, Inc. ("Continental"), make the following agreement:

1. At all times relevant to the Commission's Complaint, Continental owned or operated the Boxcar Butte South Federal 1-26H well, located in SW ¼ SW ¼, Section 26, Township 148 North, Range 102 West, McKenzie County, North Dakota (NDIC File No. 17483).
2. The Commission brought an administrative action against Continental by a Complaint dated May 31, 2011. The Complaint alleges the following violations:

Count One

- A. On or about May 10, 2011, the reserve pit on the Boxcar Butte South Federal 1-26H well site overflowed and oil flowed off the well site.
- B. North Dakota Administrative Code (NDAC) § 43-02-03-19 states in part that a reserve pit may be utilized providing the pit can be constructed, used and reclaimed in a manner that will prevent pollution of the land surface and freshwaters.
- C. Continental violated NDAC § 43-02-03-19 in that a lack of precautions in construction and use of the reserve pit on the Boxcar Butte South Federal 1-26H well site resulted in pollution of the land surface and freshwaters from the fluids that overflowed from the pit.

Count Two

- D. NDAC § 43-02-03-49 states that at no time shall oil be allowed to flow over or pool on the surface of the land or infiltrate the soil and states further that discharged oil must be properly removed and may not be allowed to remain standing within or outside of any diked areas.

- E. Continental violated NDAC § 43-02-03-49 when oil was allowed to flow over or pool on the surface of the land.

Count Three

- F. North Dakota Century Code § 28-32-26 authorizes the Commission to assess the costs of an investigation to a person found to be in violation of a statute or rule as a result of an adjudicative proceeding or informal disposition, which costs may not exceed the statutorily authorized civil penalty for the violation.
 - G. In carrying out the investigation of Continental's violation of North Dakota law, the Commission has incurred costs and expenses in the amount of \$233.00.
- 3. The Industrial Commission's administrative action against Continental sought \$25,000.00 in fines for the violations alleged in the Industrial Commission's Complaint.
 - 4. The Commission acknowledges that the alleged violations set forth above were due in part to extreme weather conditions in western North Dakota. Heavy snowfall and heavy rains at a time of high soil moisture content, high stream flows and wet conditions created circumstances that were unforeseen by Continental.
 - 5. The Industrial Commission and Continental agree to settle this matter on the following terms:
 - A. Continental unintentionally violated NDAC § 43-02-03-19, as set forth in Count One of the Industrial Commission's Complaint.
 - B. Continental unintentionally violated NDAC § 43-02-03-49, as set forth in Count Two of the Industrial Commission's Complaint.
 - C. Continental agrees to immediately pay the amount of \$2,500.00 to the Abandoned Oil and Gas Well Plugging and Site Reclamation Fund (the "Fund"). Payment shall be in the form of a check made payable to the Industrial Commission of North Dakota, Oil and Gas Division, shall reference Case No. 14894, and shall be directed to the attention of Lynn Helms, Director, Department of Mineral Resources, 1016 East Calgary Avenue, Bismarck, ND 58503-5512.
 - D. Continental agrees to immediately pay to the Industrial Commission the amount of \$233.00 to compensate the Industrial Commission for the reasonable costs and expenses incurred with regard to the violations alleged in the administrative complaint. If this payment is made by check, then the check shall be made payable to the North Dakota Oil and Gas Division.
 - E. Continental shall donate \$22,500.00 to the Fund if Continental commits the same or a substantially similar violation of NDAC § 43-02-03-19 or

NDAC § 43-02-03-49 as set forth in the Complaint within a period of one year from the date of this agreement. If such violation occurs within one year from the date of this agreement, said \$22,500.00 donation shall be immediately due and payable to the Fund. If no such violation occurs, then said donation will be dismissed.

- F. The Commission reserves the right to bring future administrative and judicial actions and to seek additional fines and other relief should Continental fail to adequately remediate effects on soil, water and vegetation as a result of the violations described in the Industrial Commission's Complaint.
6. This Agreement may be executed in counterparts and duplicate copies, each of which shall be deemed to be an original, and which, when taken together, shall constitute one and the same instrument.

Dated this 27th day of October, 2011.

NORTH DAKOTA INDUSTRIAL COMMISSION
OIL & GAS DIVISION

By:



Lynn D. Helms
Director
Department of Mineral Resources
1016 East Calgary Avenue
Bismarck, ND 58503-5512

Dated this 14th day of October, 2011.

CONTINENTAL RESOURCES, INC.

By:



RICHARD E. MUNCRIEF

Printed Name

Its:

SVP - OPERATIONS

ACCOUNT NUMBER:	INDUSTRIAL COMMISSION OF NORTH DAKO 0004107477	CHECK NUMBER:	00034618	
		CHECK DATE:	06/17/11	
INVOICE/REFERENCE	TYPE	DATE	COMMENTS	AMOUNT
061511	1	06/15/11	BOXCAR BUTTE SOUTH FED 1-26 - CASE	2,500.00

RECEIPT

DATE 6-25-11 NO. 702312

RECEIVED FROM Continental Resources, Inc.

ADDRESS 11022

FOR

AMT. DE ACCOUNT
AMT. PAID
BALANCE DUE

CASH

CHECK

MONEY

ORDER

BY

©2001 BILLYEAL © 81820

CHECK TOTALS:

2,500.00

WARNING: THIS DOCUMENT CONTAINS MULTIPLE SECURITY FEATURES. READ REVERSE SIDE FOR FULL DISCLOSURE.

CONTINENTAL RESOURCES, INC.
OPERATING ACCOUNT

P.O. BOX 1032

ENID OK 73702-1032

(580) 233-8955

U.S. Bank
950 17th St
Denver, CO 8020223-2
1020

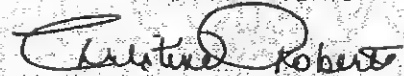
00034618

Reference Number	Date	Check Number	Check Amount
0004107477	06/17/11	34618	*****\$2,500.00

PAY Two thousand five hundred and 00/100 Dollars

PAY
TO THE
ORDER
OFINDUSTRIAL COMMISSION OF NORTH DAKO
OIL AND GAS DIVISION
1016 EAST CALGARY AVENUE
BISMARCK, ND 58503-5512 US

VOID AFTER 90 DAYS



ACCOUNT NUMBER: 0004107477		INDUSTRIAL COMMISSION OF NORTH DAKO		CHECK NUMBER: 00042238
				CHECK DATE: 10/19/11
INVOICE/REFERENCE	TYPE	DATE	COMMENTS	AMOUNT
101411B	I	10/14/11	BOXCAR BUTTE S. FED. 1-26H NDIC CAS	233.00

CHECK TOTALS:

233.00

WARNING: THIS DOCUMENT CONTAINS MULTIPLE SECURITY FEATURES. READ REVERSE SIDE FOR FULL DISCLOSURE.

CONTINENTAL RESOURCES, INC.
OPERATING ACCOUNTP.O. BOX 1032
ENID OK 73702-1032
(580) 233-8955U.S. Bank
950 17th St
Denver, CO 80202222
1020

00042238

Reference Number	Date	Check Number	Check Amount
0004107477	10/19/11	00042238	*****\$233.00

PAY Two hundred thirty three and 00/100 Dollars

PAY
TO THE
ORDER
OFINDUSTRIAL COMMISSION OF NORTH DAKO
OIL AND GAS DIVISION
1016 EAST CALGARY AVENUE
BISMARCK, ND 58503-5512 US

VOID AFTER 90 DAYS



Wayne Stenehjem
ATTORNEY GENERAL

OFFICE OF ATTORNEY GENERAL

STATE CAPITOL
600 E BOULEVARD AVE DEPT 125
BISMARCK, ND 58505-0040
(701) 328-2210 FAX (701) 328-2226
www.ag.nd.gov

FILE

NATURAL RESOURCES
500 NORTH 9TH STREET
BISMARCK, ND 58501-4509
(701) 328-3640 FAX (701) 328-4300

September 26, 2011

Lawrence Bender
200 North 3rd Street, Suite 150
PO Box 1855
Bismarck, ND 58502-1855

Re: ICC No. 14894

Dear Mr. Bender:

The Industrial Commission ("Commission") is in receipt of the September 13, 2011 proposal in the above-referenced case. As you noted in your September 13th correspondence, it is important that the Consent Agreement accurately reflect the circumstances of the incidences. Please find enclosed the Commission's revisions to the proposed Consent Agreement. Please note the changes made to paragraph #4. While the Commission acknowledges extreme weather was a factor, it does not view the conditions to be outside of those that could be reasonably expected and does not agree to that language. Please do not hesitate to contact me if you would like to discuss further.

Thank you.

Sincerely,

Zachary B. Smith
Assistant Attorney General

jjt
Enclosure

e:\dixie\smith\industrial commission\to g cases\counters and proposed revisions\14894\counter.docx

STATE OF NORTH DAKOTA

NORTH DAKOTA INDUSTRIAL COMMISSION

COUNTY OF BURLEIGH

North Dakota Industrial Commission,

Complainant,

v.

Continental Resources, Inc.,

Respondent.

CONSENT AGREEMENT

INDUSTRIAL COMMISSION

CASE NO. 14894

To settle this administrative action, the Industrial Commission ("Commission") and the Respondent Continental Resources, Inc. ("Continental"), make the following agreement:

1. At all times relevant to the Commission's Complaint, Continental owned or operated the Boxcar Butte South Federal 1-26H well, located in SW ¼ SW ¼, Section 26, Township 148 North, Range 102 West, McKenzie County, North Dakota (NDIC File No. 17483).
2. The Commission brought an administrative action against Continental by a Complaint dated May 31, 2011. The Complaint alleges the following violations:

Count One

- A. On or about May 10, 2011, the reserve pit on the Boxcar Butte South Federal 1-26H well site overflowed and oil flowed off the well site.
- B. North Dakota Administrative Code (NDAC) § 43-02-03-19 states in part that a reserve pit may be utilized providing the pit can be constructed, used and reclaimed in a manner that will prevent pollution of the land surface and freshwaters.
- C. Continental violated NDAC § 43-02-03-19 in that a lack of precautions in construction and use of the reserve pit on the Boxcar Butte South Federal 1-26H well site resulted in pollution of the land surface and freshwaters from the fluids that overflowed from the pit.

Count Two

- D. NDAC § 43-02-03-49 states that at no time shall oil be allowed to flow over or pool on the surface of the land or infiltrate the soil and states further that discharged oil must be properly removed and may not be allowed to remain standing within or outside of any diked areas.

- E. Continental violated NDAC § 43-02-03-49 when oil was allowed to flow over or pool on the surface of the land.

Count Three

- F. North Dakota Century Code § 28-32-26 authorizes the Commission to assess the costs of an investigation to a person found to be in violation of a statute or rule as a result of an adjudicative proceeding or informal disposition, which costs may not exceed the statutorily authorized civil penalty for the violation.
 - G. In carrying out the investigation of Continental's violation of North Dakota law, the Commission has incurred costs and expenses in the amount of \$233.00.
- 3. The Industrial Commission's administrative action against Continental sought \$25,000.00 in fines for the violations alleged in the Industrial Commission's Complaint.
 - 4. The Commission acknowledges that the alleged violations set forth above were due in part to extreme weather conditions in western North Dakota. Heavy snowfall and heavy rains at a time of high soil moisture content, high stream flows and wet conditions created circumstances that were unforeseen by Continental.
 - 5. The Industrial Commission and Continental agree to settle this matter on the following terms:
 - A. Continental unintentionally violated NDAC § 43-02-03-19, as set forth in Count One of the Industrial Commission's Complaint.
 - B. Continental unintentionally violated NDAC § 43-02-03-49, as set forth in Count Two of the Industrial Commission's Complaint.
 - C. Continental agrees to immediately pay the amount of \$2,500.00 to the Abandoned Oil and Gas Well Plugging and Site Reclamation Fund (the "Fund"). Payment shall be in the form of a check made payable to the Industrial Commission of North Dakota, Oil and Gas Division, shall reference Case No. 14894, and shall be directed to the attention of Lynn Helms, Director, Department of Mineral Resources, 1016 East Calgary Avenue, Bismarck, ND 58503-5512.
 - D. Continental agrees to immediately pay to the Industrial Commission the amount of \$233.00 to compensate the Industrial Commission for the reasonable costs and expenses incurred with regard to the violations alleged in the administrative complaint. If this payment is made by check, then the check shall be made payable to the North Dakota Oil and Gas Division.
 - E. Continental shall donate \$22,500.00 to the Fund if Continental commits the same or a substantially similar violation of NDAC § 43-02-03-19 or

NDAC § 43-02-03-49 as set forth in the Complaint within a period of one year from the date of this agreement. If such violation occurs within one year from the date of this agreement, said \$22,500.00 donation shall be immediately due and payable to the Fund. If no such violation occurs, then said donation will be dismissed.

F. The Commission reserves the right to bring future administrative and judicial actions and to seek additional fines and other relief should Continental fail to adequately remediate effects on soil, water and vegetation as a result of the violations described in the Industrial Commission's Complaint.

6. This Agreement may be executed in counterparts and duplicate copies, each of which shall be deemed to be an original, and which, when taken together, shall constitute one and the same instrument.

Dated this _____ day of _____, 2011.

NORTH DAKOTA INDUSTRIAL COMMISSION
OIL & GAS DIVISION

By: _____

Lynn D. Helms
Director
Department of Mineral Resources
1016 East Calgary Avenue
Bismarck, ND 58503-5512

Dated this _____ day of _____, 2011.

CONTINENTAL RESOURCES, INC.

By: _____

Printed Name

Its: _____

Kadrmass, Bethany R.

From: Smith, Zac B.
Sent: Tuesday, September 13, 2011 11:26 AM
To: Hicks, Bruce E.; Kadrmass, Bethany R.; Wollan, Glenn L.; Helms, Lynn D.
Subject: FW: NDIC v. CRI - Case No. 14894
Attachments: CRI-NDIC 14894_20110913111529.pdf

Please see forwarded message attached

-----Original Message-----

From: Gibson, Melissa [<mailto:MGibson@fredlaw.com>]
Sent: Tuesday, September 13, 2011 11:23 AM
To: Smith, Zac B.
Cc: Bender, Lawrence; DonFischbach@contres.com
Subject: NDIC v. CRI - Case No. 14894

Zach,

Please see the attached letter w/enclosure. Thank you.

Melissa P. Gibson
Legal Assistant
Fredrikson & Byron, P.A.
200 North 3rd Street, Suite 150
Bismarck, ND 58501
mgibson@fredlaw.com
Ph: (701) 221-4020
Fx: (701) 221-4040

****This is a transmission from the law firm of Fredrikson & Byron, P.A. and may contain information which is privileged, confidential, and protected by the attorney-client or attorney work product privileges. If you are not the addressee, note that any disclosure, copying, distribution, or use of the contents of this message is prohibited. If you have received this transmission in error, please destroy it and notify us immediately at our telephone number (701) 221-4020. The name and biographical data provided above are for informational purposes only and are not intended to be a signature or other indication of an intent by the sender to authenticate the contents of this electronic message.****

September 13, 2011

VIA EMAIL

Mr. Zachary B. Smith
Office of Attorney General
500 N. 9th Street
Bismarck, ND 58501-4509

**RE: North Dakota Industrial
Commission v. Continental
Resources, Inc.
Case No. 14894**

Dear Zach:

As we discussed by telephone, please find enclosed herewith the latest proposal by Continental Resources, Inc. ("Continental") to resolve this matter.

As we further discussed, we believe it is important the language of the Consent Agreement accurately reflect the facts and circumstances of the subject incidences, including the severe and unusual weather conditions which were the cause of the alleged violation. The weather conditions, (including record snow, rains and flooding) were a direct cause of the events giving rise to the alleged violations. Absent recognition of these facts, the Consent Agreement would not accurately reflect the events for any person who may later review the Agreement. We respectfully submit that the attached revisions accurately reflect these very unique circumstances and conditions. Hopefully this revision is acceptable and this matter can be brought to a close.

Should you have any questions, please advise.

Sincerely,


LAWRENCE BENDER

LB/mpg
Enclosure
cc: Don Fischbach

4986974_1.DOC

Attorneys & Advisors
main 701.221.4020
fax 701.221.4040
www.fredlaw.com

Fredrikson & Byron, P.A.
200 North Third Street, Suite 150
Bismarck, North Dakota
58501-3879

STATE OF NORTH DAKOTA

NORTH DAKOTA INDUSTRIAL COMMISSION

COUNTY OF BURLEIGH

North Dakota Industrial Commission,)
)
Complainant,)
)
v.)
)
Continental Resources, Inc.,)
)
Respondent.)

CONSENT AGREEMENT
INDUSTRIAL COMMISSION
CASE NO. 14894

To settle this administrative action, the Industrial Commission ("Commission") and the Respondent Continental Resources, Inc. ("Continental"), make the following agreement:

1. At all times relevant to the Commission's Complaint, Continental owned or operated the Boxcar Butte South Federal 1-26H well, located in SW 1/4 SW 'A, Section 26, Township 148 North, Range 102 West, McKenzie County, North Dakota (NDIC File No. 17483).
2. The Commission brought an administrative action against Continental by a Complaint dated May 31, 2011. The Complaint alleges the following violations:

Count One

- A. On or about May 10, 2011, the reserve pit on the Boxcar Butte South Federal 1-26H well site overflowed and oil flowed off the well site.
- B. North Dakota Administrative Code (NDAC) § 43-02-03-19 states in part that a reserve pit may be utilized providing the pit can be constructed, used and reclaimed in a manner that will prevent pollution of the land surface and freshwaters.
- C. Continental violated NDAC § 43-02-03-19 in that a lack of precautions in construction and use of the reserve pit on the Boxcar Butte South Federal 1-26H well site resulted in pollution of the land surface and freshwaters from the fluids that overflowed from the pit.

Count Two

- D. NDAC § 43-02-03-49 states that at no time shall oil be allowed to flow over or pool on the surface of the land or infiltrate the soil and states further that discharged oil must be properly removed and may not be allowed to remain standing within or outside of any diked areas.
- E. Continental violated NDAC § 43-02-03-49 when oil was allowed to flow over or pool on the surface of the land.

Count Three

- F. North Dakota Century Code § 28-32-26 authorizes the Commission to assess the costs of an investigation to a person found to be in violation of a statute or rule as a result of an adjudicative proceeding or informal disposition, which costs may not exceed the statutorily authorized civil penalty for the violation.
- G. In carrying out the investigation of Continental's violation of North Dakota law, the Commission has incurred costs and expenses in the amount of \$233.00.

3. The Industrial Commission's administrative action against Continental sought \$25,000.00 in fines for the violations alleged in the Industrial Commission's Complaint.

4. The Commission acknowledges that the alleged violations set forth above were due to extreme weather conditions in western North Dakota. Heavy snowfall and heavy rains at a time of high soil moisture content, high stream flows and wet conditions created circumstances that were unforeseen by Continental. The Commission by agreeing to enter into this Consent Agreement views such weather conditions as being outside those that could reasonably be expected by Continental.

4-5. The Industrial Commission and Continental agree to settle this matter on the following terms:

- A. Continental unintentionally violated NDAC § 43-02-03-19, as set forth in Count One of the Industrial Commission's Complaint.
- B. Continental unintentionally violated NDAC § 43-02-03-49, as set forth in Count Two of the Industrial Commission's Complaint.
- C. Continental agrees to immediately pay the amount of \$2,500.00 to the Abandoned Oil and Gas Well Plugging and Site Reclamation Fund (the "Fund"). Payment shall be in the form of a check made payable to the Industrial Commission of North Dakota, Oil and Gas Division, shall reference Case No. 14894, and shall be directed to the attention of Lynn Helms, Director, Department of Mineral Resources, 1016 East Calgary Avenue, Bismarck, ND 58503-5512.
- D. Continental agrees to immediately pay to the Industrial Commission the amount of \$233.00 to compensate the Industrial Commission for the reasonable costs and expenses incurred with regard to the violations alleged in the administrative complaint. If this payment is made by check, then the check shall be made payable to the North Dakota Oil and Gas Division.
- E. Continental shall donate \$22,500.00 to the Fund if Continental commits the same or a substantially similar violation of NDAC § 43-02-03-19 or NDAC § 43-02-0349 as set forth in the Complaint within a period of one year from the date of this agreement. If such violation occurs within one year from the date of this agreement, said \$22,500.00 donation shall be immediately due and payable to the Fund. If no such violation occurs, then said donation will be dismissed.
- F. The Commission reserves the right to bring future administrative and judicial actions and to seek additional fines and other relief should Continental fail to adequately remediate effects on soil, water and vegetation as a result of the violations described in the Industrial Commission's Complaint.

5-6. This Agreement may be executed in counterparts and duplicate copies, each of which shall be deemed to be an original, and which, when taken together, shall constitute one and the same instrument.

Dated this _____ day of _____, 2011

NORTH DAKOTA INDUSTRIAL COMMISSION
OIL & GAS DIVISION

By: _____

Lynn D. Helms
Director
Department of Mineral Resources
1016 East Calgary Avenue
Bismarck, ND 58503-5512

Dated this _____ day of _____, 2011

Continental

By: _____

Printed Name

Its: _____

CONTINENTAL RESOURCES, INC.

By: _____

Jeff Hume
President
302 N. Independence Avenue
P. O. Box 1032
Enid, OK 73702-1032



Wayne Stenehjem
ATTORNEY GENERAL

OFFICE OF ATTORNEY GENERAL

STATE CAPITOL
600 E BOULEVARD AVE DEPT 125
BISMARCK, ND 58505-0040
(701) 328-2210 FAX (701) 328-2226
www.ag.nd.gov

I ILL

NATURAL RESOURCES
500 NORTH 9TH STREET
BISMARCK, ND 58501-4509
(701) 328-3640 FAX (701) 328-4300

July 1, 2011

Lawrence Bender
200 North 3rd Street, Suite 150
PO Box 1855
Bismarck, ND 58502-1855

Re: ICC No. 14894

Dear Mr. Bender:

We acknowledge receipt on June 20, 2011 of your answer to the above referenced administrative complaint. The Industrial Commission does not intend to dismiss the complaint. However, the Commission is receptive to settlement of the case by negotiation of a consent agreement to avoid the necessity of a hearing. If you wish to proceed in this manner, please submit an offer for our consideration within a reasonable time period or, alternatively, if you do not want to negotiate a settlement, advise us and we will schedule a hearing date.

Sincerely,

Zachary B. Smith
Assistant Attorney General

Fredrikson

& BYRON, P.A.

June 20, 2011



HAND-DELIVERED

Ms. Karlene Fine
Executive Director
North Dakota Industrial Comm.
600 E. Boulevard Ave., 14th Floor
Bismarck, ND 58505-0840

**RE: North Dakota Industrial
Commission v. Continental
Resources, Inc.
Case No. 14894**

Dear Karlene:

Please find enclosed herewith for filing the Answer of Respondent Continental Resources, Inc. in the above-captioned matter.

Should you have any questions, please advise.

Sincerely,

LAWRENCE BENDER

LB/mpg
Enclosure
cc: Mr. Lynn Helms

4947094_1.DOC

Attorneys & Advisors
main 701.221.4020
fax 701.221.4040
www.fredlaw.com

Fredrikson & Byron, P.A.
200 North Third Street, Suite 150
Bismarck, North Dakota
58501-3879

STATE OF NORTH DAKOTA

NORTH DAKOTA INDUSTRIAL COMMISSION

COUNTY OF BURLEIGH

North Dakota Industrial Commission,)
)
Complainant,)
)
v.)
)
Continental Resources, Inc.,)
)
Respondent.)



CASE NO. 14894

ANSWER OF RESPONDENT
CONTINENTAL RESOURCES, INC.

Respondent, Continental Resources, Inc. ("Continental"), for its answer to the Complaint of the North Dakota Industrial Commission ("Commission"), states as follows:

1.

Continental denies each and every allegation of the Commission's Complaint except as herein admitted, qualified, or explained.

2.

With respect to Paragraph 1 of the Commission's Complaint, Continental admits that the Commission requests administrative relief against Continental, but otherwise lacks sufficient knowledge or information to admit or deny the remaining allegations.

3.

With respect to Paragraph 2 of the Commission's Complaint, Continental states that the paragraph contains legal conclusions to which no response is required. To the extent that Paragraph 2 contains any factual allegations to which a response is required, Continental denies the same.

4.

Continental admits the allegations contained in Paragraph 3 of the Complaint.

5.

With respect to Paragraph 4 of the Commission's Complaint, Continental states that the paragraph contains legal conclusions to which no response is required. To the extent that Paragraph 4 contains any factual allegations to which a response is required, Continental denies the same.

6.

With respect to Paragraph 5 of the Commission's Complaint, Continental incorporates by reference Paragraphs 1-5 above.

7.

Continental denies the allegations contained in Paragraph 6 of the Commission's Complaint.

8.

With respect to Paragraph 7 of the Commission's Complaint, Continental states that the paragraph contains legal conclusions to which no response is required. To the extent that Paragraph 7 contains any factual allegations to which a response is required, Continental denies the same.

9.

With respect to Paragraph 8 of the Commission's Complaint, Continental states that the paragraph contains legal conclusions to which no response is required. To the extent that Paragraph 8 contains any factual allegations to which a response is required, Continental denies the same.

10.

With respect to Paragraph 9 of the Commission's Complaint, Continental incorporates by reference paragraphs 1-9 above.

11.

With respect to Paragraph 10 of the Commission's Complaint, Continental states that the paragraph contains legal conclusions to which no response is required. To the extent that Paragraph 10 contains any remaining factual allegations to which a response is required, Continental lacks sufficient knowledge or information to admit or deny the remaining allegations.

12.

With respect to Paragraph 11 of the Commission's Complaint, Continental states that the paragraph contains legal conclusions to which no response is required. To the extent that Paragraph 11 contains any factual allegations to which a response is required, Continental denies the same.

13.

With respect to Paragraph 12 of the Commission's Complaint, Continental incorporates by reference paragraphs 1-12 above.

14.

With respect to Paragraph 13 of the Commission's Complaint, Continental states that the paragraph contains legal conclusions to which no response is required. To the extent that Paragraph 13 contains any factual allegations to which a response is required, Continental lacks sufficient knowledge or information to admit or deny the remaining allegations.

15.

With respect to Paragraph 14 of the Commission's Complaint, Continental lacks sufficient knowledge or information to admit or deny the allegations.

16.

As a defense, Continental alleges that the Commission's Complaint fails to state a cause of action upon which relief can be granted.

17.

As a defense, Continental alleges that the Commission's Complaint is barred, in whole or in part, by the equitable doctrines of laches, estoppel, and waiver.

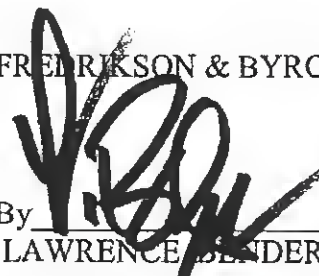
REQUEST FOR RELIEF

WHEREFORE, Continental requests the following relief:

- a. The Commission's Complaint be in all things dismissed; and
- b. Such further and additional relief as justice may require.

DATED this 20th day of June, 2011.

FREDRIKSON & BYRON, P.A.


By _____
LAWRENCE BENDER, ND Bar #03908
AMY L. DE KOK, ND Temp. #06973
Attorneys for Respondent,
Continental Resources, Inc.
200 North 3rd Street, Suite 150
Post Office Box 1855
Bismarck, North Dakota 58502-1855
(701) 221-4020

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on this 30th day of June, 2011, a true and correct copy of the foregoing document was forwarded via U.S. Mail to the following:

Lynn Helms
Director
Department of Mineral Resources
1016 East Calgary Avenue
Bismarck, ND 58503-5512



LAWRENCE HENDER

4946592_1.DOC

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Number

CONTINENTAL RESOURCES INC
PO BOX 1032
ENID OK 73702

COMPLETE THIS SECTION ON DELIVERY

A. Signature

X

Kisty Lee

☐ Agent
☐ Addressee

B. Received by (Printed Name)

Continental Resources

C. Date of Delivery

JUN 03 2011

D. Is delivery address different from item 1? ☐ Yes
 If YES, enter delivery address below: ☐ No

3. Service Type

☒ Certified Mail ☐ Express Mail
☒ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☒ Yes

2. Article Number

(Transfer from service label)

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PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

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(Domestic Mail Only; No Insurance Coverage Provided)

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(Endorsement Required)Restricted Delivery Fee
(Endorsement Required)

Total Postage & Fees \$

Glen

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Here

5-31-11

CONTINENTAL RESOURCES INC
PO BOX 1032
ENID OK 73702

PS Form 3800, August 2008

See reverse for instructions

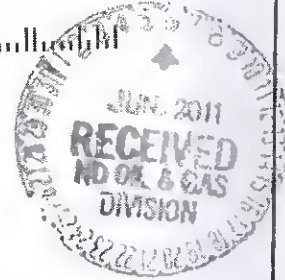
7009 2820 0002 9236 3654



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OIL AND GAS DIVISION
600 E BLVD AVE
BISMARCK ND 58505-0840

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- For an additional fee, delivery may be restricted to the addressee or addressee's authorized agent. Advise the clerk or mark the mailpiece with the endorsement "Restricted Delivery".
- If a postmark on the Certified Mail receipt is desired, please present the article at the post office for postmarking. If a postmark on the Certified Mail receipt is not needed, detach and affix label with postage and mail.

IMPORTANT: Save this receipt and present it when making an inquiry.

PS Form 3800, August 2006 (Reverse) PSN 7530-02-000-9047

8. Continental violated NDAC § 43-02-03-19 in that lack of precautions in construction and use of the reserve pit on the Boxcar Butte South Federal 1-26H well site resulted in pollution of the land surface and freshwaters from the fluids that overflowed from the pit.

Count Two

9. The allegations in paragraphs 1 – 8 are realleged.
10. NDAC § 43-02-03-49 states that at no time shall oil be allowed to flow over or pool on the surface of the land or infiltrate the soil.
11. Continental violated NDAC § 43-02-03-49 when oil was allowed to flow over or pool on the surface of the land.

Count Three

12. The allegations in paragraphs 1 – 11 are realleged.
13. NDCC § 28-32-26 authorizes the Commission to assess the costs of an investigation to a person found to be in violation of a statute or rule as a result of an adjudicative proceeding or informal disposition, which costs may not exceed the statutorily authorized civil penalty for the violation.
14. In carrying out the investigation of Continental's violation of North Dakota law, the Commission has incurred costs and expenses in the amount of \$233.

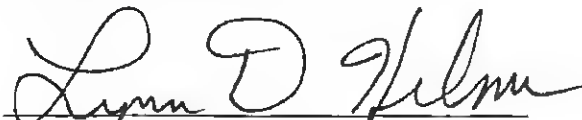
Wherefore, the Commission requests the following:

1. That Respondent pay a fine of \$12,500 for violation of NDAC § 43-02-03-19 as set forth in Count One.
2. That Respondent pay a fine of \$12,500 for violation of NDAC § 43-02-03-49 as set forth in Count Two.
3. That Respondent pay the amount of \$233 to compensate the Commission for the reasonable costs and expenses incurred with regard to the violations explained in this Complaint.

Dated this 27th day of May, 2011.

Industrial Commission
State of North Dakota

By:



Lynn D. Helms
Director
Department of Mineral Resources
1016 East Calgary Avenue
Bismarck, ND 58503-5512

STATE OF NORTH DAKOTA
NORTH DAKOTA INDUSTRIAL COMMISSION

North Dakota Industrial
Commission,

Complainant,

v.

Continental Resources, Inc.

Respondent.

AFFIDAVIT OF SERVICE BY
CERTIFIED MAIL AND RETENTION
OF DOCUMENTS

INDUSTRIAL COMMISSION
CASE NO. 14894

STATE OF NORTH DAKOTA)
COUNTY OF BURLEIGH) ss.

Ernie Roberson states under oath as follows:

1. I am of legal age and I swear and affirm upon penalty of perjury that the statements made in this affidavit are true and correct.

2. I am of legal age and on the 31th day of May, 2011, I served the attached **Complaint** upon Continental Resources, Inc. by placing a true and correct copy in an envelope addressed as follows:

Continental Resources, Inc
PO Box 1032
Enid, OK 73702

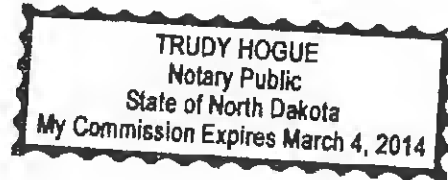
and depositing same, with postage prepaid, certified mail, return receipt requested, restricted delivery, in the United States mail at Bismarck, North Dakota.

3. The originals of these documents shall be retained at the Department of Mineral Resources, 1016 East Calgary Avenue, Bismarck, ND 58503.

Ernie Robertson
Administrative Assistant

Subscribed and sworn to before me
this 31st day of May, 2011.

Trudy Hogue
Notary Public



October 25, 2011

HAND-DELIVERED

Mr. Zachary B. Smith
Office of Attorney General
500 N. 9th Street
Bismarck, ND 58501-4509

**RE: North Dakota Industrial
Commission v. Continental
Resources, Inc.
Case No. 14893**

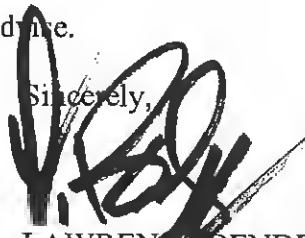
Dear Zach:

Enclosed please find herewith two original Consent Agreements in the above captioned matter that have been executed by Continental Resources, Inc. Also enclosed are Continental's checks made payable to the NDIC in the amounts of \$2,500.00 and \$217.00.

Please execute both original Consent Agreements and return one fully executed original to my office.

Should you have any questions, please advise.

Sincerely,



LAWRENCE BENDER

LB/mpg
Enclosures
cc: Donald P. Fischbach (via email w/enc.)

5011110_1.DOC

Attorneys & Advisors
main 701.221.4020
fax 701.221.4040
www.fredlaw.com

Fredrikson & Byron, P.A.
200 North Third Street, Suite 150
Bismarck, North Dakota
58501-3879

STATE OF NORTH DAKOTA

NORTH DAKOTA INDUSTRIAL COMMISSION

COUNTY OF BURLEIGH

North Dakota Industrial Commission,

Complainant,

v.

Continental Resources, Inc.,

Respondent.

CONSENT AGREEMENT

INDUSTRIAL COMMISSION

CASE NO. 14893

To settle this administrative action, the Industrial Commission ("Commission") and the Respondent Continental Resources, Inc. ("Continental"), make the following agreement:

1. At all times relevant to the Commission's Complaint, Continental owned or operated the Lakewood 1-20H well, located in SW ¼ SW ¼, Section 20, Township 161 North, Range 96 West, Divide County, North Dakota (NDIC File No. 19799).
2. The Commission brought an administrative action against Continental by a Complaint dated May 31, 2011. The Complaint alleges the following violations:

Count One

- A. On or about April 25, 2011, the reserve pit on the Lakewood 1-20H well site overflowed and oil flowed off the well site.
- B. North Dakota Administrative Code (NDAC) § 43-02-03-19 states in part that a reserve pit may be utilized providing the pit can be constructed, used and reclaimed in a manner that will prevent pollution of the land surface and freshwaters.
- C. Continental violated NDAC § 43-02-03-19 in that a lack of precautions in construction and use of the reserve pit on the Lakewood 1-20H well site resulted in pollution of the land surface and freshwaters from the fluids that overflowed from the pit.

Count Two

- D. NDAC § 43-02-03-49 states that at no time shall oil be allowed to flow over or pool on the surface of the land or infiltrate the soil and states further that discharged oil must be properly removed and may not be allowed to remain standing within or outside of any diked areas.

- E. Continental violated NDAC § 43-02-03-49 when oil was allowed to flow over or pool on the surface of the land.

Count Three

- F. North Dakota Century Code § 28-32-26 authorizes the Commission to assess the costs of an investigation to a person found to be in violation of a statute or rule as a result of an adjudicative proceeding or informal disposition, which costs may not exceed the statutorily authorized civil penalty for the violation.
 - G. In carrying out the investigation of Continental's violation of North Dakota law, the Commission has incurred costs and expenses in the amount of \$217.00.
- 3. The Industrial Commission's administrative action against Continental sought \$25,000.00 in fines for the violations alleged in the Industrial Commission's Complaint.
 - 4. The Commission acknowledges that the alleged violations set forth above were due in part to extreme weather conditions in western North Dakota. Heavy snowfall and heavy rains at a time of high soil moisture content, high stream flows and wet conditions created circumstances that were unforeseen by Continental.
 - 5. The Industrial Commission and Continental agree to settle this matter on the following terms:
 - A. Continental unintentionally violated NDAC § 43-02-03-19, as set forth in Count One of the Industrial Commission's Complaint.
 - B. Continental unintentionally violated NDAC § 43-02-03-49, as set forth in Count Two of the Industrial Commission's Complaint.
 - C. Continental agrees to immediately pay the amount of \$2,500.00 to the Abandoned Oil and Gas Well Plugging and Site Reclamation Fund (the "Fund"). Payment shall be in the form of a check made payable to the Industrial Commission of North Dakota, Oil and Gas Division, shall reference Case No. 14893, and shall be directed to the attention of Lynn Helms, Director, Department of Mineral Resources, 1016 East Calgary Avenue, Bismarck, ND 58503-5512.
 - D. Continental agrees to immediately pay to the Industrial Commission the amount of \$217.00 to compensate the Industrial Commission for the reasonable costs and expenses incurred with regard to the violations alleged in the administrative complaint. If this payment is made by check, then the check shall be made payable to the North Dakota Oil and Gas Division.

- E. Continental shall donate \$22,500.00 to the Fund if Continental commits the same or a substantially similar violation of NDAC § 43-02-03-19 or NDAC § 43-02-03-49 as set forth in the Complaint within a period of one year from the date of this agreement. If such violation occurs within one year from the date of this agreement, said \$22,500.00 donation shall be immediately due and payable to the Fund. If no such violation occurs, then said donation will be dismissed.
- F. The Commission reserves the right to bring future administrative and judicial actions and to seek additional fines and other relief should Continental fail to adequately remediate effects on soil, water and vegetation as a result of the violations described in the Industrial Commission's Complaint.
6. This Agreement may be executed in counterparts and duplicate copies, each of which shall be deemed to be an original, and which, when taken together, shall constitute one and the same instrument.

Dated this 27th day of October, 2011.

NORTH DAKOTA INDUSTRIAL COMMISSION
OIL & GAS DIVISION

By: _____



Lynn D. Helms
Director
Department of Mineral Resources
1016 East Calgary Avenue
Bismarck, ND 58503-5512

Dated this 14th day of October, 2011.

CONTINENTAL RESOURCES, INC.

By: _____



RICHARD E. MANCRIEF
Printed Name

Its: _____

SVP - OPERATIONS

ACCOUNT NUMBER: 0004107477		INDUSTRIAL COMMISSION OF NORTH DAKO		CHECK NUMBER: 00034617
				CHECK DATE: 06/17/11
INVOICE/REFERENCE	TYPE	DATE	COMMENTS	AMOUNT
061511A	I	06/15/11	LAKEWOOD 1-20H - CASE NO. 14893	2,500.00

RECEIPT

DATE

11-25-11

NO.

702311

RECEIVED FROM

ADDRESS

FOR

ACCOUNT	
AMT. OF ACCOUNT	2500.00
AMT. PAID	217.00
BALANCE DUE	2283.00

☐ CASH☒ CHECK☐ MONEY ORDER

BY

©2001 REFORM © BL820

CHECK TOTALS:

2,500.00

WARNING: THIS DOCUMENT CONTAINS MULTIPLE SECURITY FEATURES. READ REVERSE SIDE FOR FULL DISCLOSURE.

CONTINENTAL RESOURCES, INC.
OPERATING ACCOUNT

P.O. BOX 1032

ENID OK 73702-1032

(580) 233-8955

U.S. Bank
950 17th St
Denver, CO 80202

00034617

Reference Number	Date	Check Number	Check Amount
0004107477	06/17/11	00034617	*****\$2,500.00

PAY Two thousand five hundred and 00/100 Dollars

PAY
TO THE
ORDER
OFINDUSTRIAL COMMISSION OF NORTH DAKO
OIL AND GAS DIVISION
1016 EAST CALGARY AVENUE
BISMARCK, ND 58503-5512 US

VOID AFTER 90 DAYS

ACCOUNT NUMBER: 0004107477		INDUSTRIAL COMMISSION OF NORTH DAKO		CHECK NUMBER: 00042239
				CHECK DATE: 10/19/11
INVOICE/REFERENCE	TYPE	DATE	COMMENTS	AMOUNT
101411A	I	10/14/11	COSTS FOR NDIC CSE RE: LAKEWOOD #1-	217.00
CHECK TOTALS:				217.00

WARNING: THIS DOCUMENT CONTAINS MULTIPLE SECURITY FEATURES. READ REVERSE SIDE FOR FULL DISCLOSURE.

CONTINENTAL RESOURCES, INC.
OPERATING ACCOUNT

P.O. BOX 1032

ENID OK 73702-1032

(580) 233-8955

U.S. Bank
950 17th St
Denver, CO 8020223.2
1020

00042239

Reference Number	Date	Check Number	Check Amount
0004107477	10/19/11	00042239	*****\$217.00

PAY Two hundred seventeen and 00/100 Dollars

PAY
TO THE
ORDER
OFINDUSTRIAL COMMISSION OF NORTH DAKO
OIL AND GAS DIVISION
1016 EAST CALGARY AVENUE
BISMARCK, ND 58503-5512 US

VOID AFTER 90 DAYS





Wayne Stenehjem
ATTORNEY GENERAL

OFFICE OF ATTORNEY GENERAL

STATE CAPITOL
600 E BOULEVARD AVE DEPT 125
BISMARCK, ND 58505-0040
(701) 328-2210 FAX (701) 328-2226
www.ag.nd.gov

NATURAL RESOURCES
500 NORTH 9TH STREET
BISMARCK, ND 58501-4509
(701) 328-3640 FAX (701) 328-4300

September 26, 2011

Lawrence Bender
200 North 3rd Street, Suite 150
PO Box 1855
Bismarck, ND 58502-1855

Re: ICC No. 14893

Dear Mr. Bender:

The Industrial Commission ("Commission") is in receipt of the September 13, 2011 proposal in the above-referenced case. As you noted in your September 13th correspondence, it is important that the Consent Agreement accurately reflect the circumstances of the incidences. Please find enclosed the Commission's revisions to the proposed Consent Agreement. Please note the changes made to paragraph #4. While the Commission acknowledges extreme weather was a factor, it does not view the conditions to be outside of those that could be reasonably expected and does not agree to that language. Please do not hesitate to contact me if you would like to discuss further.

Thank you.

Sincerely,

Zachary B. Smith
Assistant Attorney General

jjt
Enclosure

e:\dixie\smith\industrial commission\o&g cases\counters and proposed revisions\14893counter.docx

COUNTY OF BURLEIGH

North Dakota Industrial Commission,

Complainant,

v.

Continental Resources, Inc.,

Respondent.

CONSENT AGREEMENT**INDUSTRIAL COMMISSION****CASE NO. 14893**

To settle this administrative action, the Industrial Commission ("Commission") and the Respondent Continental Resources, Inc. ("Continental"), make the following agreement:

1. At all times relevant to the Commission's Complaint, Continental owned or operated the Lakewood 1-20H well, located in SW ¼ SW ¼, Section 20, Township 161 North, Range 96 West, Divide County, North Dakota (NDIC File No. 19799).
2. The Commission brought an administrative action against Continental by a Complaint dated May 31, 2011. The Complaint alleges the following violations:

Count One

- A. On or about April 25, 2011, the reserve pit on the Lakewood 1-20H well site overflowed and oil flowed off the well site.
- B. North Dakota Administrative Code (NDAC) § 43-02-03-19 states in part that a reserve pit may be utilized providing the pit can be constructed, used and reclaimed in a manner that will prevent pollution of the land surface and freshwaters.
- C. Continental violated NDAC § 43-02-03-19 in that a lack of precautions in construction and use of the reserve pit on the Lakewood 1-20H well site resulted in pollution of the land surface and freshwaters from the fluids that overflowed from the pit.

Count Two

- D. NDAC § 43-02-03-49 states that at no time shall oil be allowed to flow over or pool on the surface of the land or infiltrate the soil and states further that discharged oil must be properly removed and may not be allowed to remain standing within or outside of any diked areas.

- E. Continental violated NDAC § 43-02-03-49 when oil was allowed to flow over or pool on the surface of the land.

Count Three

- F. North Dakota Century Code § 28-32-26 authorizes the Commission to assess the costs of an investigation to a person found to be in violation of a statute or rule as a result of an adjudicative proceeding or informal disposition, which costs may not exceed the statutorily authorized civil penalty for the violation.
 - G. In carrying out the investigation of Continental's violation of North Dakota law, the Commission has incurred costs and expenses in the amount of \$217.00.
- 3. The Industrial Commission's administrative action against Continental sought \$25,000.00 in fines for the violations alleged in the Industrial Commission's Complaint.
 - 4. The Commission acknowledges that the alleged violations set forth above were due in part to extreme weather conditions in western North Dakota. Heavy snowfall and heavy rains at a time of high soil moisture content, high stream flows and wet conditions created circumstances that were unforeseen by Continental.
 - 5. The Industrial Commission and Continental agree to settle this matter on the following terms:
 - A. Continental unintentionally violated NDAC § 43-02-03-19, as set forth in Count One of the Industrial Commission's Complaint.
 - B. Continental unintentionally violated NDAC § 43-02-03-49, as set forth in Count Two of the Industrial Commission's Complaint.
 - C. Continental agrees to immediately pay the amount of \$2,500.00 to the Abandoned Oil and Gas Well Plugging and Site Reclamation Fund (the "Fund"). Payment shall be in the form of a check made payable to the Industrial Commission of North Dakota, Oil and Gas Division, shall reference Case No. 14893, and shall be directed to the attention of Lynn Helms, Director, Department of Mineral Resources, 1016 East Calgary Avenue, Bismarck, ND 58503-5512.
 - D. Continental agrees to immediately pay to the Industrial Commission the amount of \$217.00 to compensate the Industrial Commission for the reasonable costs and expenses incurred with regard to the violations alleged in the administrative complaint. If this payment is made by check, then the check shall be made payable to the North Dakota Oil and Gas Division.

- E. Continental shall donate \$22,500.00 to the Fund if Continental commits the same or a substantially similar violation of NDAC § 43-02-03-19 or NDAC § 43-02-03-49 as set forth in the Complaint within a period of one year from the date of this agreement. If such violation occurs within one year from the date of this agreement, said \$22,500.00 donation shall be immediately due and payable to the Fund. If no such violation occurs, then said donation will be dismissed.
- F. The Commission reserves the right to bring future administrative and judicial actions and to seek additional fines and other relief should Continental fail to adequately remediate effects on soil, water and vegetation as a result of the violations described in the Industrial Commission's Complaint.
6. This Agreement may be executed in counterparts and duplicate copies, each of which shall be deemed to be an original, and which, when taken together, shall constitute one and the same instrument.

Dated this _____ day of _____, 2011.

NORTH DAKOTA INDUSTRIAL COMMISSION
OIL & GAS DIVISION

By: _____

Lynn D. Helms
Director
Department of Mineral Resources
1016 East Calgary Avenue
Bismarck, ND 58503-5512

Dated this _____ day of _____, 2011.

CONTINENTAL RESOURCES, INC.

By: _____

Printed Name

Its: _____

Kadrmass, Bethany R.

From: Smith, Zac B.
Sent: Tuesday, September 13, 2011 11:26 AM
To: Hicks, Bruce E.; Kadrmass, Bethany R.; Wollan, Glenn L.; Helms, Lynn D.
Subject: FW: NDIC v. CRI - Case No. 14893
Attachments: CRI-NDIC 14893_20110913111451.pdf

Please see forwarded message attached.

-----Original Message-----

From: Gibson, Melissa [<mailto:MGibson@fredlaw.com>]
Sent: Tuesday, September 13, 2011 11:22 AM
To: Smith, Zac B.
Cc: Bender, Lawrence; DonFischbach@contres.com
Subject: NDIC v. CRI - Case No. 14893

Zach,

Please see the attached letter w/enclosure. Thank you.

Melissa P. Gibson
Legal Assistant
Fredrikson & Byron, P.A.
200 North 3rd Street, Suite 150
Bismarck, ND 58501
mgibson@fredlaw.com
Ph: (701) 221-4020
Fx: (701) 221-4040

****This is a transmission from the law firm of Fredrikson & Byron, P.A. and may contain information which is privileged, confidential, and protected by the attorney-client or attorney work product privileges. If you are not the addressee, note that any disclosure, copying, distribution, or use of the contents of this message is prohibited. If you have received this transmission in error, please destroy it and notify us immediately at our telephone number (701) 221-4020. The name and biographical data provided above are for informational purposes only and are not intended to be a signature or other indication of an intent by the sender to authenticate the contents of this electronic message.****

September 13, 2011

VIA EMAIL

Mr. Zachary B. Smith
Office of Attorney General
500 N. 9th Street
Bismarck, ND 58501-4509

**RE: North Dakota Industrial
Commission v. Continental
Resources, Inc.
Case No. 14893**

Dear Zach:

As we discussed by telephone, please find enclosed herewith the latest proposal by Continental Resources, Inc. ("Continental") to resolve this matter.

As we further discussed, we believe it is important the language of the Consent Agreement accurately reflect the facts and circumstances of the subject incidences, including the severe and unusual weather conditions which were the cause of the alleged violation. The weather conditions, (including record snow, rains and flooding) were a direct cause of the events giving rise to the alleged violations. Absent recognition of these facts, the Consent Agreement would not accurately reflect the events for any person who may later review the Agreement. We respectfully submit that the attached revisions accurately reflect these very unique circumstances and conditions. Hopefully this revision is acceptable and this matter can be brought to a close.

Should you have any questions, please advise.

Sincerely,


LAWRENCE BENDER

LB/mpg
Enclosure
cc: Don Fischbach

4986948_1.DOC

Attorneys & Advisors
main 701.221.4020
fax 701.221.4040
www.fredlaw.com

Fredrikson & Byron, P.A.
200 North Third Street, Suite 150
Bismarck, North Dakota
58501-3879

COUNTY OF BURLEIGH

North Dakota Industrial Commission,)	
)	CONSENT AGREEMENT
Complainant,)	
)	INDUSTRIAL COMMISSION
v.)	
)	
Continental Resources, Inc.,)	CASE NO. 14893
)	
Respondent.)	

To settle this administrative action, the Industrial Commission ("Commission") and the Respondent Continental Resources, Inc. ("Continental"), make the following agreement:

1. At all times relevant to the Commission's Complaint, Continental owned or operated the Lakewood 1-20H well, located in SW ¼ SW ¼, Section 20, Township 161 North, Range 96 West, Divide County, North Dakota (NDIC File No. 19799).
2. The Commission brought an administrative action against Continental by a Complaint dated May 31, 2011. The Complaint alleges the following violations:

Count One

- A. On or about April 25, 2011, the reserve pit on the Lakewood 1-20H well site overflowed and oil flowed off the well site.
- B. North Dakota Administrative Code (NDAC) § 43-02-03-19 states in part that a reserve pit may be utilized providing the pit can be constructed, used and reclaimed in a manner that will prevent pollution of the land surface and freshwaters.
- C. Continental violated NDAC § 43-02-03-19 in that a lack of precautions in construction and use of the reserve pit on the Lakewood 1-20H well site resulted in pollution of the land surface and freshwaters from the fluids that overflowed from the pit.

Count Two

- D. NDAC § 43-02-03-49 states that at no time shall oil be allowed to flow over or pool on the surface of the land or infiltrate the soil and states further that discharged oil must be properly removed and may not be allowed to remain standing within or outside of any diked areas.
- E. Continental violated NDAC § 43-02-03-49 when oil was allowed to flow over or pool on the surface of the land.

Count Three

- F. North Dakota Century Code § 28-32-26 authorizes the Commission to assess the costs of an investigation to a person found to be in violation of a statute or rule as a result of an adjudicative proceeding or informal disposition, which costs may not exceed the statutorily authorized civil penalty for the violation.
 - G. In carrying out the investigation of Continental's violation of North Dakota law, the Commission has incurred costs and expenses in the amount of \$217.00.
3. The Industrial Commission's administrative action against Continental sought \$25,000.00 in fines for the violations alleged in the Industrial Commission's Complaint.
- 1 4. The Commission acknowledges that the alleged violations set forth above were due to extreme weather conditions in western North Dakota. Heavy snowfall and heavy rains at a time of high soil moisture content, high stream flows and wet conditions created circumstances that were unforeseen by Continental. The Commission by agreeing to enter into this Consent Agreement views such weather conditions as being outside those that could reasonably be expected by Continental.
- 2 5. The Industrial Commission and Continental agree to settle this matter on the following terms:
- A. Continental unintentionally violated NDAC § 43-02-03-19, as set forth in Count One of the Industrial Commission's Complaint.
 - B. Continental unintentionally violated NDAC § 43-02-03-49, as set forth in Count Two of the Industrial Commission's Complaint.
 - C. Continental agrees to immediately pay the amount of \$2,500.00 to the Abandoned Oil and Gas Well Plugging and Site Reclamation Fund (the "Fund"). Payment shall be in the form of a check made payable to the Industrial Commission of North Dakota, Oil and Gas Division, shall reference Case No. 14893, and shall be directed to the attention of Lynn Helms, Director, Department of Mineral Resources, 1016 East Calgary Avenue, Bismarck, ND 58503-5512.
 - D. Continental agrees to immediately pay to the Industrial Commission the amount of \$217.00 to compensate the Industrial Commission for the reasonable costs and expenses incurred with regard to the violations alleged in the administrative complaint. If this payment is made by check, then the check shall be made payable to the North Dakota Oil and Gas Division.
 - E. Continental shall donate \$22,500.00 to the Fund if Continental commits the same or a substantially similar violation of NDAC § 43-02-03-19 or NDAC § 43-02-03-49 as set forth in the Complaint within a period of one year from the date of this agreement. If such violation occurs within one year from the date of this agreement, said \$22,500.00 donation shall be immediately due and payable to the Fund. If no such violation occurs, then said donation will be dismissed.
 - F. The Commission reserves the right to bring future administrative and judicial actions and to seek additional fines and other relief should Continental fail to

adequately remediate effects on soil, water and vegetation as a result of the violations described in the Industrial Commission's Complaint.

- 3- 5.6. This Agreement may be executed in counterparts and duplicate copies, each of which shall be deemed to be an original, and which, when taken together, shall constitute one and the same instrument.

Dated this _____ day of _____, 2011.

NORTH DAKOTA INDUSTRIAL
COMMISSION OIL & GAS DIVISION

By: _____

Lynn D. Helms
Director
Department of Mineral Resources
1016 East Calgary Avenue
Bismarck, ND 58503-5512

Dated this _____ day of _____, 2011.

Continental
CONTINENTAL RESOURCES, INC.

By: _____

Jeff Hume
President
302 N. Independence Avenue
P.O. Box 1032
Enid, OK 73702-1032

Printed Name

Its: _____

498673-14986862 1.DOC



Wayne Stenehjem
ATTORNEY GENERAL

OFFICE OF ATTORNEY GENERAL

STATE CAPITOL
600 E BOULEVARD AVE DEPT 125
BISMARCK, ND 58505-0040
(701) 328-2210 FAX (701) 328-2226
www.ag.nd.gov

FILE

NATURAL RESOURCES
500 NORTH 9TH STREET
BISMARCK, ND 58501-4509
(701) 328-3640 FAX (701) 328-4300

July 1, 2011

Lawrence Bender
200 North 3rd Street, Suite 150
PO Box 1855
Bismarck, ND 58502-1855

Re: ICC No. 14893

Dear Mr. Bender:

We acknowledge receipt on June 20, 2011 of your answer to the above referenced administrative complaint. The Industrial Commission does not intend to dismiss the complaint. However, the Commission is receptive to settlement of the case by negotiation of a consent agreement to avoid the necessity of a hearing. If you wish to proceed in this manner, please submit an offer for our consideration within a reasonable time period or, alternatively, if you do not want to negotiate a settlement, advise us and we will schedule a hearing date.

Sincerely,

Zachary B. Smith
Assistant Attorney General

June 20, 2011



HAND-DELIVERED

Ms. Karlene Fine
Executive Director
North Dakota Industrial Comm.
600 E. Boulevard Ave., 14th Floor
Bismarck, ND 58505-0840

**RE: North Dakota Industrial
Commission v. Continental
Resources, Inc.
Case No. 14893**

Dear Karlene:

Please find enclosed herewith for filing the Answer of Respondent Continental Resources, Inc. in the above-captioned matter.

Should you have any questions, please advise.

Sincerely,

A handwritten signature in black ink, appearing to read "Lawrence Bender".

LAWRENCE BENDER

LB/mpg
Enclosure
cc: Mr. Lynn Helms

4947092_1.DOC

Attorneys & Advisors
main 701.221.4020
fax 701.221.4040
www.fredlaw.com

Fredrikson & Byron, P.A.
200 North Third Street, Suite 150
Bismarck, North Dakota
58501-3879

STATE OF NORTH DAKOTA

NORTH DAKOTA INDUSTRIAL COMMISSION

COUNTY OF BURLEIGH

North Dakota Industrial Commission,)

Complainant,)

v.)

Continental Resources, Inc.,)

Respondent.)



CASE NO. 14893

**ANSWER OF RESPONDENT
CONTINENTAL RESOURCES, INC.**

Respondent, Continental Resources, Inc. ("Continental"), for its answer to the Complaint of the North Dakota Industrial Commission ("Commission"), states as follows:

1.

Continental denies each and every allegation of the Commission's Complaint except as herein admitted, qualified, or explained.

2.

With respect to Paragraph 1 of the Commission's Complaint, Continental admits that the Commission requests administrative relief against Continental, but otherwise lacks sufficient knowledge or information to admit or deny the remaining allegations.

3.

With respect to Paragraph 2 of the Commission's Complaint, Continental states that the paragraph contains legal conclusions to which no response is required. To the extent that Paragraph 2 contains any factual allegations to which a response is required, Continental denies the same.

4.

Continental admits the allegations contained in Paragraph 3 of the Complaint.

5.

With respect to Paragraph 4 of the Commission's Complaint, Continental states that the paragraph contains legal conclusions to which no response is required. To the extent that Paragraph 4 contains any factual allegations to which a response is required, Continental denies the same.

6.

With respect to Paragraph 5 of the Commission's Complaint, Continental incorporates by reference Paragraphs 1-5 above.

7.

Continental denies the allegations contained in Paragraph 6 of the Commission's Complaint.

8.

With respect to Paragraph 7 of the Commission's Complaint, Continental states that the paragraph contains legal conclusions to which no response is required. To the extent that Paragraph 7 contains any factual allegations to which a response is required, Continental denies the same.

9.

With respect to Paragraph 8 of the Commission's Complaint, Continental states that the paragraph contains legal conclusions to which no response is required. To the extent that Paragraph 8 contains any factual allegations to which a response is required, Continental denies the same.

10.

With respect to Paragraph 9 of the Commission's Complaint, Continental incorporates by reference paragraphs 1–9 above.

11.

With respect to Paragraph 10 of the Commission's Complaint, Continental states that the paragraph contains legal conclusions to which no response is required. To the extent that Paragraph 10 contains any remaining factual allegations to which a response is required, Continental lacks sufficient knowledge or information to admit or deny the remaining allegations.

12.

With respect to Paragraph 11 of the Commission's Complaint, Continental states that the paragraph contains legal conclusions to which no response is required. To the extent that Paragraph 11 contains any factual allegations to which a response is required, Continental denies the same.

13.

With respect to Paragraph 12 of the Commission's Complaint, Continental incorporates by reference paragraphs 1–12 above.

14.

With respect to Paragraph 13 of the Commission's Complaint, Continental states that the paragraph contains legal conclusions to which no response is required. To the extent that Paragraph 13 contains any factual allegations to which a response is required, Continental lacks sufficient knowledge or information to admit or deny the remaining allegations.

15.

With respect to Paragraph 14 of the Commission's Complaint, Continental lacks sufficient knowledge or information to admit or deny the allegations.

16.

As a defense, Continental alleges that the Commission's Complaint fails to state a cause of action upon which relief can be granted.

17.

As a defense, Continental alleges that the Commission's Complaint is barred, in whole or in part, by the equitable doctrines of laches, estoppel, and waiver.

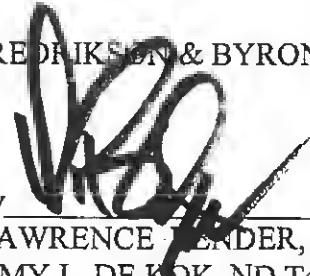
REQUEST FOR RELIEF

WHEREFORE, Continental requests the following relief:

- a. The Commission's Complaint be in all things dismissed; and
- b. Such further and additional relief as justice may require.

DATED this 20th day of June, 2011.

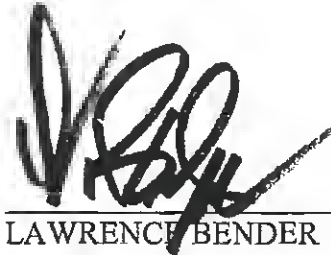
FREDRIKSEN & BYRON, P.A.


By _____
LAWRENCE BENDER, ND Bar #03908
AMY L. DE KOK, ND Temp. #06973
Attorneys for Respondent,
Continental Resources, Inc.
200 North 3rd Street, Suite 150
Post Office Box 1855
Bismarck, North Dakota 58502-1855
(701) 221-4020

CERTIFICATE OF SERVICE

The undersigned hereby certifies that on this 20th day of June, 2011, a true and correct copy of the foregoing document was forwarded via U.S. Mail to the following:

Lynn Helms
Director
Department of Mineral Resources
1016 East Calgary Avenue
Bismarck, ND 58503-5512



LAWRENCE BENDER

4946591_1.DOC

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:
.....

CONTINENTAL RESOURCES INC
PO BOX 1032
ENID OK 73702

COMPLETE THIS SECTION ON DELIVERYA. Signature
X *Kathy Lee* ☐ Agent ☐ Addressee

B. Received by (Printed Name)

C. Date of Delivery
JUN 03 2004

Continental Resources

D. Is delivery address different from Item 1? ☐ YesIf YES, enter delivery address below: ☐ No

Service Type

☒ Certified Mail ☐ Express Mail
☒ Registered ☒ Return Receipt for Merchandise
☐ Insured Mail ☐ C.O.D.

4. Restricted Delivery? (Extra Fee)

☒ Yes

2. Article Number

(Transfer from service label)

7009 1680 0001 2689 0261

PS Form 3811, February 2004

Domestic Return Receipt

102595-02-M-1540

U.S. Postal ServiceTM
CERTIFIED MAILTM RECEIPT
(Domestic Mail Only; No Insurance Coverage Provided)
For delivery information visit our website at www.usps.com
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Postage	\$	Glen Postmark Here 5-31-11
Certified Fee		
Return Receipt Fee (Endorsement Required)		
Restricted Delivery Fee (Endorsement Required)		
Total Postage & Fees	\$	

Sent To
CONTINENTAL RESOURCES INC
PO BOX 1032
ENID OK 73702

PS See Reverse for Instructions

UNITED STATES POSTAL SERVICE

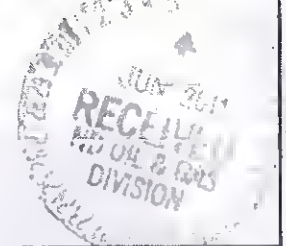


First-Class Mail
Postage & Fees Paid
USPS
Permit No. G-10

• Sender: Please print your name, address, and ZIP+4 in this box •



OIL AND GAS DIVISION
600 E BLVD AVE
BISMARCK ND 58505-0840



Certified Mail Provides:

- A mailing receipt
- A unique identifier for your mailpiece
- A record of delivery kept by the Postal Service for two years

Important Reminders:

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- Certified Mail is **not** available for any class of international mail.
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- For an additional fee, a *Return Receipt* may be requested to provide proof of delivery. To obtain Return Receipt service, please complete and attach a Return Receipt (PS Form 3811) to the article and add applicable postage to cover the fee. Endorse mailpiece "Return Receipt Requested". To receive a fee waiver for a duplicate return receipt, a USPS® postmark on your Certified Mail receipt is required.
- For an additional fee, delivery may be restricted to the addressee or addressee's authorized agent. Advise the clerk or mark the mailpiece with the endorsement "Restricted Delivery".
- If a postmark on the Certified Mail receipt is desired, please present the article at the post office for postmarking. If a postmark on the Certified Mail receipt is not needed, detach and affix label with postage and mail.

IMPORTANT: Save this receipt and present it when making an inquiry.

PS Form 3800, August 2006 (Reverse) PSN 7530-02-000-9047

COUNTY OF BURLEIGH

North Dakota Industrial
Commission,

Complainant,

V.

Continental Resources, Inc.

Respondents.

COMPLAINT

INDUSTRIAL COMMISSION

CASE NO. 14893

IMPORTANT NOTICE

If the Respondents Continental Resources, Inc. (Continental) do not serve upon the undersigned an Answer to this Complaint within 21 days after service of it, the Industrial Commission will deem the Complaint admitted and will enter a default order containing such terms as the facts and law may warrant. If an Answer to the Complaint is served within 21 days after service of the Complaint, a hearing on this matter will be scheduled.

The North Dakota Industrial Commission ("Commission") for its cause of action against Continental, states:

1. This is an administrative action brought by the Commission under North Dakota Century Code (NDCC) Chapters 38-08 and 28-32. The Commission requests administrative relief against Continental for violation of sections of the North Dakota Administrative Code (NDAC) governing the oil and gas industry.
2. The Commission is authorized to bring this action under NDCC § 38-08-04 and NDAC § 43-02-03-05.
3. Continental at all times relevant to this Complaint owned and/or operated oil and/or gas wells in the state of North Dakota, including the Lakewood 1-20H well (NDIC File No. 19799) located in T161N, R96W, Section 20, SW/4 SW/4, Divide County, ND,
4. NDCC § 38-08-16 provides that anyone who violates any rule or regulation of the Commission is subject to a penalty of up to \$12,500 for each offense, and each day's violation is a separate offense.

Count One

5. The allegations in paragraphs 1 – 4 are realleged.
6. On or about April 25, 2011, the reserve pit on the Lakewood 1-20H well site overflowed and oil flowed off the well site.
7. NDAC § 43-02-03-19 states in part that a reserve pit may be utilized providing the pit can be constructed, used and reclaimed in a manner that will prevent pollution of

8. Continental violated NDAC § 43-02-03-19 in that lack of precautions in construction and use of the reserve pit on the Lakewood 1-20H well site resulted in pollution of the land surface and freshwaters from the fluids that overflowed from the pit.

Count Two

9. The allegations in paragraphs 1 – 8 are realleged.
10. NDAC § 43-02-03-49 states that at no time shall oil be allowed to flow over or pool on the surface of the land or infiltrate the soil.
11. Continental violated NDAC § 43-02-03-49 when oil was allowed to flow over or pool on the surface of the land.

Count Three

12. The allegations in paragraphs 1 – 11 are realleged.
13. NDCC § 28-32-26 authorizes the Commission to assess the costs of an investigation to a person found to be in violation of a statute or rule as a result of an adjudicative proceeding or informal disposition, which costs may not exceed the statutorily authorized civil penalty for the violation.
14. In carrying out the investigation of Continental's violation of North Dakota law, the Commission has incurred costs and expenses in the amount of \$217.

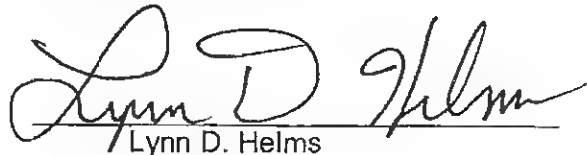
Wherefore, the Commission requests the following:

1. That Respondents pay a fine of \$12,500 for violation of NDAC § 43-02-03-19 as set forth in Count One.
2. That Respondents pay a fine of \$12,500 for violation of NDAC § 43-02-03-49 as set forth in Count Two.
3. That Respondents pay the amount of \$217 to compensate the Commission for the reasonable costs and expenses incurred with regard to the violations explained in this Complaint.

Dated this 27th day of May, 2011.

Industrial Commission
State of North Dakota

By:



Lynn D. Helms
Director
Department of Mineral Resources
1016 East Calgary Avenue
Bismarck, ND 58503-5512

STATE OF NORTH DAKOTA
NORTH DAKOTA INDUSTRIAL COMMISSION

North Dakota Industrial
Commission,

Complainant,

v.

Continental Resources, Inc.

Respondent.

**AFFIDAVIT OF SERVICE BY
CERTIFIED MAIL AND RETENTION
OF DOCUMENTS**

**INDUSTRIAL COMMISSION
CASE NO. 14893**

STATE OF NORTH DAKOTA)
COUNTY OF BURLEIGH) ss.

Erie Roberson states under oath as follows:

1. I am of legal age and I swear and affirm upon penalty of perjury that the statements made in this affidavit are true and correct.

2. I am of legal age and on the 31th day of May, 2011, I served the attached **Complaint** upon Continental Resources, Inc. by placing a true and correct copy in an envelope addressed as follows:

Continental Resources, Inc
PO Box 1032
Enid, OK 73702

and depositing same, with postage prepaid, certified mail, return receipt requested, restricted delivery, in the United States mail at Bismarck, North Dakota.

3. The originals of these documents shall be retained at the Department of Mineral Resources, 1016 East Calgary Avenue, Bismarck, ND 58503.

Eve Roberson
Administrative Assistant

Subscribed and sworn to before me
this 31st day of May, 2011.

Trudy Hogue
Notary Public

